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DEBTOR NATIONS SEEK 'NEGOTIATION CARTEL'

WA220845 Rome IPS in English 19 Jun 84

[Text] Cartagena, Colombia, June 19 (IPS) -- Experts from 11 Latin American countries who began preparations today for a high-level meeting here on the region's foreign debts agreed that they should work toward a Latin American "negotiation cartel" rather than a "debtors' club."

Officials laying the groundwork for the two-day conference of Latin American foreign and treasury ministers that begins here June 21 spoke of "co-responsibility" and "joint action" in private conversations, but rejected any possibility of forming a formal club of Latin American debtors.

Several Latin American officials who joined in a press conference mentioned formation of a "negotiation cartel" that would involve creditors and debtors on an equal footing.

Those authorities included Eduardo Mayobre, Venezuela's deputy finance minister, Jorge Luis Ordonez, secretary for economic affairs of the Colombian Foreign Ministry, Rodrigo Cepeda, president of Peru's Foreign Debt Commission, and Percy Jimenez, the Bolivian deputy treasury minister.

"We are satisfied to see that, little by little, a positive awareness is developing in the industrial countries that we must dialogue, negotiate, renegotiate and save ourselves together," said Cepeda.

The experts here intend to lay guidelines for ways to renegotiate their debts, flexible enough to meet each country's needs and to satisfy Latin America's development requirements.

The main demands are for lower interest rates, longer debt repayment terms, more flexibl conditions, smoother disbursements and resumption of new credits that will not go to meet payments on existing debts but can be used for internal development.

The nerve point of this week's talks is interest rates. The continuing increase in the U.S. prime interest rate, which has risen 1.5 percent, to 12.5 percent, this year, provoked a protest letter May 19 from Argentina, Colombia, Mexico and Brazil, and that document led to the Cartagena Conference.

The Latin American countries' priority on protecting democratic rule and the interdependence of national economies were major concerns in the officials' disscussions today

The experts warned that the proposed "negotiations cartel" is crucial to preventing violence and unrest over economic issues, such as that seen in Bolivia and the Dominican Republic. Bolivian official Jimenez and other delegates proposed creation of a Latin American negotiating committee, which Jimenez said is needed because the debtor nation governments have already made all the economic sacrifices possible, often at serious social and political cost.

The proposed negotiating committee "would be a form of Latin American pressure so that interest rates, for example, can reach an intermediate level, as was proposed so clearly in the economic conference in Quito [Ecuador] in January," Jimenez said.

"We do not want to impose conditions or reach extreme solutions that benefit no one in particular," he added.

"If so far only three countries have taken drastic decisions, may others may be forced to do the same in the short term" Jimenez said. "It is curious that when a country like Bolivia declares a moratorium on debt payments, it causes an international scandal," he noted. "It would be good if the same thing happened when the industrial countries arbitrarily raise interest rates."

BETANCUR SPEECH OPENS CARTAGENA CONFERENCE

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[Speech by Colombian President Belisario Betancur at opening of the Latin American Economic Summit in Cartagena -- live]

[Excerpts] Your Excellencies Ministers of Foreign Affairs, Treasury, and Finance of Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, Peru, Dominican Republic, Uruguay, Venezuela, and Colombia; Your Excellencies Ambassadors and official envoys; Honorable Governor of Bolivar; Your Reverend Excellency the Archbishop of Cartagena; Honorable Rear Admiral, commander of the Naval Academy; Honorable Mayor of Cartagena; civilian, military, and church dignataries; members of foreign delegations; members of the foreign and domestic press; special guests, ladies, and gentlemen:

Latin America's foreign debt problem is threatening the stability of the industralized nations' large financial institutions, the well-being of our peoples, and the stability of our democratic institutions. It is jeopardizing international trade and harmony. Are we capable of quickly finding constructive and just solutions to the problem so that Latin America might resume its journey toward development free of apprehensions? I am sure that the international community can find those solutions, attain peace and disarmament, and devote its efforts to development, so that our species might deserve to be called "Homo Sapiens" and not "Homo (Esfefredicos)" [not further explained] that we sometimes envision in our nightmares.

I hope that this meeting in Cartagena helps us advance in that direction, push aside many fears, and strengthen our hopes.

Latin America's foreign debt has increased more than 400 percent during the past 9 years. In 1975 the total regional debt was a little over $75 billion. Today it exceeds $350 billion. This soaring growth means that the debt has grown at an average of 19 percent per year. In the same period of time the ratio of service to the debt -- the relation between capital and interests and payments and the income from goods and services -- increased from 26.6 percent to more than 65 percent. This lack of liquidity is threatening to plunge the level of well-being of the debtor nations -- some of which are among the world's lowest -- back decades. Metaphorically, they have to run as fast as they can, like athletes running the 100-yard dash, to maintain current levels. They are running on a treadmill.

The increase in the service of the debt has grown faster than the debt itself as a result of the changes in the characteristics of the debt, the shorter terms of payment, and the harsher conditions of the loans. The international development banks have lost a significant share of participation in Latin America's financing. This decrease in their assets, paired to the abundance of assets the international private banks possessed, forced Latin America to increase its indebtedness with the latter under shorter terms of payment and higher interest rates.

The question arises: What are the real causes of the exponential growth of Latin America's debt? Numerous studies have attempted to answer this question. However, one can affirm that the outside causes are as important or more important than the internal causes.

One must admit that some of our nations handled their foreign exchange rates poorly and that public finances were not managed with the order and seriousness needed. However, it is no exaggeration to point out that were it not for the oil crisis, the international trade recession, the region's deteriorated terms of exchange, the unreasonable interest rates, and the weakening of the international development banks, Latin America's foreign debt problem would be a relatively routine one.

A new question a rises: Is the international banking system prepared to handle the current crisis?

This complex question obliges us to talk about the institutions that were created by the Breton Woods Conference almost 40 years ago. The conditions created by the great depression of the 1930's and World War II prompted the creation of the World Bank, the IMF, and the General Agreement on Tariffs and Trade. From 1950 to 1970, these institutions were able to maintain the world economy at a steady rate of growth. However, the problems that have emerged during the past 15 years have required that these institutions adapt to a new set of circumstances: the growing role that the developing nations play in the world economy; the instability of the exchange and interest rates; the limits to growth; the need to treat oil as a scarce, non-renewable resources; and the proliferation of international trade barriers other than taxes. The recessions that have taken place in the past 30 years are a sign that there has been inadequate handling of world macroeconomics. One instance of this is that no one has exercised adequate control over the growth of international liquidity.

One would believe that the IMF has control over the creation of international liquidity. However, its resources are minimal compared to the size of the world economy, and they have had little real growth. The IMF adjustment programs do not imply that its member nations will maintain high levels of employment and real income, as the IMF bylaws establish. The tragic events that have taken place in the Dominican Republic and other countries of the region confirm the view that it is not possible to achieve a rapid and automatic structural adjustment in countries that certainly need in-depth economic reforms but in which the speed and intensity of the changes cannot be exaggerated.

It must be clear, as the latest report of the U.S. Council of Economic Advisers recognizes, that the possibility of continuing to drastically cut imports no longer exists and that the growth of exports must be one of the basic instruments for improving the structure of our external sectors. Continuation of the flow of credits to the region is obviously essential. Latin America has become a clear exporter of capital while highly industrialized nations like the United States are importing resources from the rest of the world. It should not be argued that such negative effects are compensated for by the trade balance deficit which supposedly favors Latin America, because it is well-known that 70 percent of U.S. trade is with Europe and Japan.

The United States, first among the industrialized countries, maintained up to a short time ago that the foreign debt problem would not affect the stability of its banks and financial system. Nevertheless, it would be absurd to insist on this view after a wave of rumors endangered two of its most important financial institutions in recent days and the shares of almost all those institutions continue to drop. No matter how unpopular the idea of rescuing the banks is in the United States, the truth is that it would be good if the recent experience were to be used to show the U.S. public that the stability of their financial system affects the collective interest and that this stability will continue to be undermined by rumors and perhaps by events if the debt problem is not set on the appopriate course once and for all.

It would also be advisable for the U.S. public to think about the markets their country has lost due to the dwindling Latin American income and that they also think about the jobs that have disappeared with those markets.

Although the recent London declaration might show a great awareness about the community of interests between the industrial countries and the developing countries, we think in short that one must have the courage to insist on much more awareness and to emphasize among public opinion in the United States and the other industrial countries that, if together we are not able to prevent the deluge it will become worldwide.

As I said earlier, the truth is that the Latin American debt problem is not now, in mid-1984, the same one of 1983. In mid-1983 we expected a strong reactivation in the industrial countries. We expected stability in the interest rates and the petroleum prices. We expected markets to be open to our products and successes in the adjustment programs that several countries began under the forced leadership of the IMF. Within those expectations, the prevailing opinion was that each country should renegotiate its debt in accordance with its own particular circumstances.

Today, in mid-1984, it is hard to see things the same way. There has been some reactivation in the industrial countries, especially in the United States. However, there are already signs pointing to the end of that spring. Let us point out some of them. Prevailing interest rates are today higher than those of a year ago, and there are forecasts of even higher rates. Petroleum prices show a tendency to increase. Protectionism grows and continues to frustrate our possibilities for access to the industrial countries. Many of the adjustment programs obtained with the IMF have been revised because they proved inadequate. Some of them have taken painful tolls of deaths and public unrest, as occurred in the Dominican Republic. Some private international banks have decided to economically attack countries like Colombia, which are up to date in the payment of their public debt and which facilitate to the utmost the necessary transfers for the payment of their private debt. All of this makes necessary the revision of the basic criteria with which the problem of our countries' foreign debt is examined. Therefore, the presence of our governments here reflects a situation that we have not created but that neither we nor anyone can conceal any longer: The foreign debt problem has stopped being a simple financial problem and is now undoubtedly an international political issue.

Colombia believes that just as the danger of a nuclear war affects all inhabitants of the planet, a collapse of the international financial system, a possibility that cannot be ruled out, would have very grave consequences for the economic and social health of all countries and for the peace of the entire world. These are not easy times for Colombians, but payment difficulties are not what has brought us to Cartagena. We are here because we feel we are part of a broader community, the Latin American community, which we see is becoming increasingly poor, stife-torn, and losing hope. We see increased bitterness and discouragement. We perceive the loss of faith in the virtue of democracy when one sees that many countries, many democratic systems and democratic leaders, are the ones who have hastened this situation. We hear the dull murmur of violent drums. We feel stormy winds. We realize that nothing good can come from this atmosphere, nothing good, of course, for the sister countries where such a climate prevails, nothing good for the cause of democracy and freedom, nothing good for world peace, and nothing good for our country that is linked to Latin America by history, language, beliefs, and destiny.

There must be a clearer awareness of the characteristics of the problem so that those who can contribute to resolving it will commit themselves to do so. The solution is up to the debtor countries, the creditor banks, and the authorities of the countries for which those banks operate.

So far it has been suggested that each country should get out of its difficulty by adjusting its economy with the prescriptions of the IMF and by receiving broader terms from the creditor banks. What are we learning now is that this alone is not enough. It is essential that the authorities of the industrial countries where the banks have their headquarters understand that their economic policies can, and in fact are, frustrating and enormous sacrifice of adjustment that our peoples are making and that they should accept responsibility for this.

We believe that the London declaration contains positive elements to advance in that direction. If there is no advance in that direction, the readjustment could become an eternal and usless task that would be inadvisable for everyone and, thus defined, one no one would be willing to accept. In effect, if the fiscal deficit of some industrial countries, including the United States, raises interest rates, and if there are protectionist measures that close their markets, we will gain nothing with the harshest adjustment policies.

With regard to the World Bank, this institution must play a more active role in the next decade. It must use mechanisms such as co-financing more intensely. It is essential that it show flexibility in loan agreement terms, permitting the countries to work with lower counterpart amounts and advancing a significant proportion of the already approved credits.

Likewise, it is essential that this type of credit not become an obstacle to the development of national industry, especially the industry that produces capital goods in the developing countries. The level of protection for the local supplies must be increased by 15 to 15 percent at the minimum. This would open the way for the replacement of capital goods that the World Bank itself has pointed out as the next industrial phase which several countries of the region can work at with comparative advantage. As for the GATT, it is known that this entity has not eliminated the nontariff barriers that have prevented the more dynamic growth of world trade. Organizations and experts estimate that 50 percent of world trade is controlled by quotas, technical requirements, and administrative mechanisms. National use of protectionism is justifiable in developing countries that have to develop their budding industries and that have to diversify their economies. Protectionism in the countries of the North cannot be justified with the same argument. Those countries try to freeze the international division of labor, recommending drastic adjustments for the developing countries while they refuse to undertake changes in their own economic structure. In Latin America, this attitude is described with the saying: Heads you win, tails I lose. It is time the international community designed and agreed on a system to identify and demand that responsibility be assumed by the industrial creditor countries for the evolution of two variables: the interest rate levels and free access to their markets. Therefore, if a country significantly and unfavorably alters these variables to the detriment of the debtor countries, its authorities should be obliged by the international community to provide resources to the creditor banks or the international credit institutions so that these will extend their help to the debtor countries.

Within this context, the proposal by Mr Volcker in the sense of establishing a limit on the interest rates for the debtor countries is of the greatest importance. There is no reason why the developing countries should pay for the consequences stemming from the economic imbalances of the industrialized countries, and especially from the U.S. fiscal deficit.

In the same way, it is urgent that the technicians of the central banks be called to design mechanisms such as those suggested in the recent Quito Declaration and those proposed by Brazil and Peru so that, learning from our distressing experiences, trade among the countries of the region will be facilitated, thus saving hard currency. In any case, Latin America will face a shortage of hard currency in the next few years. But if this is the dilemma, Latin America could do much more for itself through intraregional trade, which has unfortunately declined dramatically in the current crisis. We also recommend drastic changes in many of the restrictions on foreign investment. We agree with the London economic declaration on this.

It is clear that it is much better to have partners rather than creditors, because partners demand drafts only when there are profits and because partners cannot unexpectedly take out or bring in their capital as a result of impulsive and more or less mistaken actions. I plan to propose to the heads of state of the Andean Group a substantial change to make more favorable and stable the rules of the game for foreign investment in our countries. Perhaps there are some who might have reason to believe that similar attitude would be in the best interests of all Latin America.

The spirit of the Cartagena proposal, which with constructive and cordial intention I present for your consideration, Messrs Ministers, can be summarized in the following points: A) Reiteration of our desire to do everything within our power to totally and opportunely fulfill our countries' foreign credit obligations; B) The commitment that those countries that need to do so will individually seek with the creditor banks and the IMF appropriate arrangements that, permitting the development of the countries, will serve to satisfy their foreign credit obligations; C) The commitment to collectively urge those industrial countries which adopt financial or commercial policies capable of significantly altering the success of the adjustment programs to assume the obligation of providing the necessary compensatory resources; D) The commitment to collectively seek, within the Latin American system, payment agreements that will encourage intraregional trade, with the saving of hard currency; E) The commitment to collectively seek new incentives for useful foreign investment in Latin America; and F) The commitment to collectively try to see that the modalities of credit in the multilateral organizations be adapted to the current specific circumstances.

Messrs Ministers, if this Cartagena proposal were to be accepted or if others were to receive support, we should, establish in this meeting a system to share them with the other countires of the region, decide who should be responsible for specifically formulating them, and establish a deadline before the end of 1984 to legally agree among the Latin American countries on the measures that fall within our purview and to present the others in the appropriate forums. For example, in view of the positive spirit with which the London declaration dealt with some of the proposals presented by the presidents of Argentine, Brazil, Mexico, Venezuela, Ecuador, Peru, and Colombia to the heads of governments who signed the London declaration, we should give special attention to the possiblity of better identifying the points of convergence and establishing a strategy of cooperation with the industrial countries to give them practical expression.

TEXT OF LETTER OF INTENT TO IMF

PY191804 Buenos Aires CLARIN in Spanish 12 Jun 84 pp 4, 5, 44, 45

["Text" of "letter of intent" to the International Monetary Fund, signed by Economy Minister Bernardo Grinspun and released at his press conference in Buenos Aires on 11 June]

[Text] Dear Mr de Larosiere: I have the honor of addressing you, on behalf of the Government of the Argentine Republic, to submit this letter of intent to you. This letter explains the situation inherited by the democratic government, the overall strategy adopted to cope with the difficult current situation, our views of IMF support for strengthening our economy, and the objectives that the national government will try to attain in the external sector, in the public sector, in the struggle against inflation, and in the areas of interest rates and monetary expansion.

1. The General Principles of the Economic Policy

Strengthening constitutional freedoms and institutions, and the system of constitutional representation is the main objective of the Argentine Government's policy. The government has decided to eradicate, once and for all, the authoritarian regimes that the nation has had to endure several times in the past. This ethical and political commitment is the guiding principle for all government decisions in the political and socioeconomic areas.

The Argentine Government wants all the measures aimed both at correcting the country's serious economic situation and at strengthening justice and economic growth to be subordinated to this general principle. This means that unwanted distortions must be avoided in the productive sector, at the employment level, and at the level of relative prices and income. The Argentine Government is convinced that social stability is an essential prerequisite for the existence and strengthening of democracy. The government seeks stability not only as an objective, but also as an attribute of the situation in which it works to attain that objective.

This position is based on strictly realistic criteria. It takes into account that Argentine democracy, which has just come to life, must be based on an efficient economic policy that should be projected into the future. During the last decades, Argentine history has been marked by the repeated failure of economic policies. While seeking to attain a final objective of stability and progress, such policies have caused substantial distortions of the socioeconomic structure, giving rise to social pressure that rendered them useless. The best evidence of a successful policy is a successful long-term result. Though not the only factor, the answer that the economy may give to the legitimate demands of the different social sectors will have considerable influence on consolidating Argentine democracy.

2. The Economic Situation

The political crisis that began affecting our country in the mid-1970's resulted in our economy's serious deterioration. The de facto government that came to power in 1976 tried to impose a structural reform in the economy, opening the local market to foreign goods and capital and, simultaneously, trying to control inflation. It failed in both attempts, bringing extremely harmful consequences from the socioeconomic standpoint.

In 1982 the outcome of the Malvinas war caused an increasing deterioration of the government's political authority and confirmed the inevitable failure of its economic policy. During the last months of the military administration, eliminating even the appearance of consistency and reasonableness, the de facto government rushed to adopt various measures with the futile objective of benefiting interest groups in order to gain last minute political support. But this fueled inflation even further.

The consequences of managing the economy in this manner are well known. The constitutional government, upon taking office on 10 December 1983, found itself facing a situation of unprecedented gravity in Argentine history. This situation can be depicted briefly with the following information: a) a foreign debt surpassing by five times the yearly value of exports; b) a monthly inflation rate fluctuating between 15-20 percent; c) a GDP similar to that of 1975 with a population that had increased by 15 percent; a public sector debt higher than 16 percent of the GDP; e) stocks of capital goods, infrastructure, industrial equipment, livestock, and commercial stocks reduced by significant amounts. In contrast to this bleak picture, a single positive aspect can be noted, that is, the country's increased export capacity resulting from the substantial increase in productivity in the cultivation of cereals and oil-bearing seeds traceable to the technological improvement process which began in the mid-1960's.

In addition to this visible damage, other serious damage was uncovered by the incumbent government during the first months of its administration. The long inflationary experience has generated a defensive social attitude that translates into demands for higher prices and salaries. Each social sector tries to protect itself against uncertainty. This can be seen clearly in relation with future inflation rates, as well as in relation with the time span during which applied policies can be successful. This attitude disrupts the social body and diminishes the effective representation of political organizations and intermediate groupings. The effect of this is a deterioration of the instruments through which economic policy is implemented. The structure for the state's action and administration are particularly disarrayed and weakened.

Furthermore, the recovery of the system of freedoms inherent in a democratic regime has brought about an explosion of long pent-up demands which, although legitimate in themselves, are on the whole hardly compatible with an economy that, in terms of per capita production, is today 15 percent smaller than it was 10 years ago.

3. The Grand Strategy of Government Action

The Argentine Government is convinced, and it has repeatedly stated in documents, that a sustained economic recovery will be impossible unless inflation is brought under control. The economic recovery will become solid only when private investments grow. To this effect, it is indispensable to stabilize future expectations and to eliminate the uncertainty that high inflation creates in particular.

The overall anti-inflationary policy is designed to operate simultaneously in two directions: One, it implements an incomes policy based on a progressive reduction of the rate at which the main prices of the economy grow, so as to minimize the changes in relative prices; the other adheres to a policy of reducing the fiscal deficit and the rate of issuing paper money. It is necessary to keep pace with the actions taken in both directions, if the deceleration of monetary expansion is not to cause recessionary effects on economic activity and employment.

When duly coordinated and coherently implemented, these measures should promote the reorganization of the production and distribution apparatus, thus breaking up the rigidity now characterizing the supply of products and services.

During its first 6 months in office, the Argentine Government put in place a fiscal program making it possible to reduce the treasury's cash deficit from 16.5 percent of the GDP in the last quarter of 1983 to 9.6 percent in the second quarter of 1984. This considerable progress represents the completion of the first stage of a process which, to be continued, demands more time and the adoption of measures that are difficult to design and implement. The government's capacity to reduce the treasury's cash deficit without causing a reduction in real salaries of civil servants depends on improving tax collection mechanisms and on reassessing relations between the central administration on one side, and the provinces and decentralized agencies and enterprises on the other.

At this deficit level, the monthly inflation rate fluctuated between 15 and 20 percent. Demand levels were kept high by the monetary expansion, while salary demands in the private sector exceeded the limits set by the government in its wage policy. Facts have revealed that such limits were too low for the monetary expansion rate generated by the fiscal deficit. As the fiscal deficit drops, it will be essential to improve the wage policy to prevent reducing the real amount of money from bringing about unwanted recessionary consequences.

The Argentine Government is convinced that the fiscal deficit must be reduced to bring inflation under control. Yet it does not believe that this measure is sufficient. Several cases, both here and in other Latin American nations, have repeatedly shown that a steep reduction of the deficit causes recession that, in addition to being unjust and harmful from the socioeconomic viewpoint, does not properly serve anti-inflationary purposes. Therefore, this situation has led the government to attach to the wage policy a role that is as significant as the role played by the fiscal policy. However, the Argentine Government has to recognize that this policy has not yielded the expected results during the first 6 months of its administration. Yet it is convinced that such results have revealed not the futility of the wage policy, but the complexity of the inflation problem, which is rooted in the defensive types of social behavior that inflation itself has generated. The government thus thinks that an agreement, to be consolidated within the framework of a social accord, must be reached in connection with such types of behavior in order to succeed in the struggle against inflation. This social accord will be reached only through a delicate political effort requiring time and prudence.

4. The Negotiations With the IMF

The foreign debt is another serious problem that the Argentine Government is confronting. The interest on the debt, equivalent to five times our yearly exports, are almost equivalent to 50 percent of all national savings. This debt has been contracted through the application of an authoritarian and arbitrary economic policy, in which creditors played an active role with no benefits for the Argentine people, who have been neglected by the entire process.

The Argentine Republic will honor its tradition of meeting all of its obligations, and will thus respect one of the most valuable legacies of its history. It is not that the debt will not be repaid, but that it will be repaid in a way that will more properly meet the objectives within the framework of an adjusted economy, growth, and social peace, which the people have recently supported through the ballot boxes.

As shown by the figures in the balance of payments sheet attached to this letter and by the figures estimated by the World Bank and other international institutions, Argentina can meet its foreign debt obligations in terms that should be compatible with its efforts to curb inflation, reactivate the economy, and increase real salaries on the one hand, and on the other, in a manner that should be reasonable for its creditors.

The Argentine Government wants to stress that, in its opinion, this is the main topic of the negotiation that this letter sets in motion, and that the other issues are of secondary importance. Thus, the government is hereby submitting this document that gives a detailed account of its fiscal, monetary, and exchange policy. But it should be understood that this does not imply accepting commitments that compromise the government's sovereignty in handling Argentine internal affairs. The policy outlined in this letter involves adopting measures and objectives that are essential for the adjustment of the national economy and that will be applied regardless of the agreements to be eventually reached with the IMF.

Argentina is a member of the IMF and will in that capacity exercise the rights and fulfill the obligations under the terms of the IMF Constitutive Pact, and of the decisions adopted by the appropriate boards of this organization.

Consequently, the Argentine Government's intention is to conclude an agreement that will make it possible to obtain support for a plan aimed at balancing the needs of the internal sector of the economy and at reorganizing the external sector to enable access to IMF funds.

5. External Sector

During recent years there has been a significant change in the final balance of Argentina's external accounts. The balance of trade excluding interest collections and payments, registering a $3,236,000,000 deficit in 1980, improved continuously until reaching a $2,409,000,000 surplus in 1983. This was the result of increasingly favorable balances due mainly to the reduction of imports, while exports, although limited by restrictive practices in importing countries and even with the decline in terms of trade, grew slightly. Moreover, capital outflow was stopped.

The magnitude of this adjustment notwithstanding, the external current account continues to register deficits. This is caused by the burden of the foreign debt interest amounting to an estimated $43.6 billion by the end of 1983, drawing $5.5 billion in interests, that is, 70 percent of the value of Argentina's exports. This caused a $2.57 billion deficit 1983.

In addition to trade restrictions, the country has had to face in international financial markets very high interest rates plus additional spreads and commissions imposed by creditor banks because of the classification as a risk-country, a classification which the Argentine Government rejects because it is arbitrary and abusive.

As long as these general conditions prevail, the Argentine Government will be forced to adopt self-protective measures to prevent the burden of foreign debt payments from endangering the country's social and political stability.

The Argentine Government decision is to limit the amount of those payments to resources available from exports, without reducing imports more than is necessary to maintain a level of economic activity in line with the projections for GDP growth.

The 1984-85 external sector program contemplates that policy's implementation. This program has the following characteristics:

a) Exports estimated on the order of $8,679,000,000 in 1984, and $9,424,000,000 in 1985;

b) The current annum final balance will depend on the interest rates charged on the foreign debt, and on the additional spreads and commissions that will be discussed with the creditors. The Argentine Government intends to significantly reduce spread and commission charges so as to offset the rise of international interest rates, as well as to renegotiate these rates in the refinancing process. In the unacceptable case that the ongoing interest rates in the internal market are maintained, the current account will register a $2,557,000,000 deficit in 1984, and $3,219,000 in 1985;

d) The deficits in the balance of payments, according to the IMF usual definition, would be a $2,808,000,000 in 1984, and $3,677,000,000 in 1985;

e) The difficulty in establishing the actual schedule of exports shipment and for interests payments on some accounts has a bearing on the estimates of the balance of payments for shorter periods. A first estimate of this balance over 6-month periods would be as follows:

Semester	Deficit (in million of dollars)
1984 (i)	377
1984 (ii)	2,431
1985 (i)	1,114
1985 (ii)	2,563

f) The following items must be added to this balance of payments deficit in order to establish the financial resources that will be needed for 1984 and 1985:

i. the recovery of foreign currency reserves until they reach their normal level;

ii. the payment on overdue obligations that, at the end of 1983, reached $3,222,000,000;

iii. other payments that are not included (swaps and local loans to the Central Bank).

g. Based on the above figures, it is estimated that the foreign debt will grow by approximately 2,702,000,000 by the end of 1984 (a 6-percent increase), and by $2,695,000,000 during 1985 (a 5.6-percent increase).

Irrespective of the abovementioned objectives and targets, the Argentine Government will insist at all appropriate forums on the need for a new treatment of the foreign debt terms and conditions. This new treatment should include a substantial drop in financial costs, and waiting, grace, and amortization periods that should be compatible with the growth of the economy and with the possibilities of actually complying with the repayment schedule.

6. Public Sector

In the public sector the Argentine Government's program follows three main guidelines:

1. [numbers as published] The restructuring of the state apparatus, in order to restore its efficiency in those activities that are required to attain its essential targets, excluding other activities not related to such targets.

2. The reallocation of resources, favoring social promotion, health, housing, and education.

3. The reduction of the fiscal deficit.

The process of the reorganization is conceived as a task that will be carried out in several stages throughout the government's constitutional period. The following steps are now being taken:

a. recovery of the operational capability of the General Tax Directorate and of the National Customs Administration;

b. the creation of the Secretariat for the Public Functions [Secretaria de la Funcion Publica];

c. the drafting of multiannual public investment programs that will be reflected in the annual budgets as of 1985;

d. the transfer of the enterprises that are in the hands of the Armed Forces to the Defense Ministry. They will be under the control of the General Trusteeship of Public Enterprises;

e. a program for the progressive leveling of the remunerations of public officials that have an equivalent category;

f. the reestablishment of a budget section for the social security area that will include its income, expenditure, and financial policy;

g. the progressive reduction of the treasury's contributions to the provinces as related to the efforts that the provinces make in recovering their capability for generating resources.

The budget resources have been reassigned so that there is an increase in expenditures in the areas of health, education, transport, and hydroelectric energy and a reduction in the areas of defense and security, and atomic energy. The budget also provides for fiscal lines of credit for industrial, mining, forestry, and agricultural promotion.

Regarding the policy for reducing the fiscal deficit, the following table shows the results that have been obtained up to the present time and the goals for the period that runs from July 1984 to June 1985.

Table II shows, in the first place, the reduction of the public sector operational deficit from the fourth quarter of 1983 to the second quarter of 1984. It should be mentioned in this regard that the following measures have been applied so far this year:

i) fiscal moratorium on fiscal debts that will have an effect on revenues throughout 1984 and first quarter of 1985;

ii) tax increase on fuels, between December 1983 and May 1984, the price of gasolines was increased by 33 percent in real terms;

iii) impose a contribution to the National Housing Fund (FONAVI) of 5 percent on private and public payrolls as of the second quarter of 1984.

On the other hand, measures to hold down expenditures and not to fill vacant public jobs (Decrees 120, 447, 894, and 1572) were adopted.

Regarding projected targets for the July 1984-June 1985 period, the following considerations need to be made:

The evolution of the operational deficit -- including internal interests -- is affected by the seasonal character of the complementary annual salaries payment in the second and fourth quarters of the year. If this seasonal characteristic is excluded, the results are as shown on table below:

Quarter	Operational Deficit (in percentage of the GDP)
1984 (iii)	5.7
1984 (iv)	4.3
1985 (i)	3.5
1985 (ii)	3.1

The exclusion of the seasonal expenditures on complementary salaries permits showing the magnitude of the projected reduction of the fiscal deficit.

The amount of foreign interest is established on the basis of external factors, that is, estimated evolution of the foreign debt, interest rates, commissions and surcharges, as described in the chapter on the foreign sector.

The spending targets of the public sector reflect the Argentine Government's commitment to increase salaries by between 6 and 8 percent during the period December 1983-December 1984. This increase will be granted in accordance with a proportional scale favoring the lower salaries. The greater expenditures resulting from this policy will be financed with additional funds. This procedure is in keeping with the policy of the Argentine Government to redistribute the fiscal burden in accordance with the income of the population.

To properly analyze fiscal expenditures, graph III must be taken into account.

Graph III shows that the savings which will be made as of the third quarter of 1984 will provide enough funds to attain the goal of a better real salary, without a corresponding increase in fiscal expenditures.

Since the greatest effort to increase fiscal resources was made over the December 1983-June 1984 period, the projection for fiscal resources over the planned period has been made using a lower increased rate. The principal measures that should be adopted are the following:

a) Restore employers' contributions to the social security system at 7.5 percent on payrolls as of the fourth quarter of 1984. This represents added resources of 1.6 percent of the GDP;

b) Increase the tax on fuels by an additional 29 percent in a gradual manner from June to December 1984. This is an addition of resources of 1.7 percent of the GDP;

c) Increase public utilities fees in December 1984 by 10 percent over those charged in December 1983. This will provide additional revenues of 1.7 percent of the GDP;

d) Improve tax collection in the provinces to bring in additional funds of about 1 percent of the GDP;

e) Increase social security resources in the amount of 0.65 percent of the GDP as a result of real salary increases throughout the economy;

f) Sell capital goods of the public sector for an amount representing 0.84 percent of the GDP before the end of 1984;

g) Tighten control on tax evasion to produce a progressive effect of about 0.3 percent of the GDP per quarter.

7. Inflation, Interest Rates, and Monetary Expansion

The size of the public sector deficit in 1983, particularly in the fourth quarter, together with the low level of monetization of the economy, brought about a strong monetary base expansion that caused inflationary pressure. In addition, the attempt to compensate for the effect of the fiscal deficit on monetary expansion brought on a strong contraction of credits for the private sector, and the financial capacity of enterprises thus deteriorated.

Since January this year, in the aftermath of reducing the public sector's deficit, the rate of monetary expansion (the volume of money in the hands of the people and in demand deposits) grew by 25.3 percent in January, but only by 13.6 percent in May. In coming months the slowing pace of the fiscal deficit reduction will result in more resources available for the private sector and in a stimulus to finance investments and the production of goods.

Cautious projections made for inflation still foresee a sustained reduction in the rate of price increases. This permits us to predict an increase of financial assets, beginning in the third quarter of 1984.

The Argentine Government is aware of the fact that the low level of monetization it inherited is an obstacle to the system's efficient performance. However, the attempt to increase the rate of monetization cannot be made, as in the past, by setting real interest rates at such a high level that they would negatively affect the production apparatus. On the other hand, a complete floating of interest rates at the current inflation level, with the uncertainty it entails, would drive the market to very high real interest rates that would cause the same negative effects as mentioned before.

For this reason, the Argentine Government has decided to continue regulating interest rates on deposits and short-term loans. However, to avoid a substantial volume of financial operations remaining beyond the control of the Central Bank, the government authorized financial institutions to operate increasingly in the market of acceptance papers. Interest rates in this market are determined by supply and demand without guarantees from the Central Bank. Moreover, the time period was extended for operations with an indexation clause for prices and foreign exchange rates, thus creating new possibilities for stimulating domestic savings.

A package of financial assets has thus been created with the intention of benefitting long-term operations as opposed to short-term operations that involve greater risk.

An increase of this type of operations in real terms has been noticed lately. The policy of diversification of financial assets will be continued during the second half of this year and, at the same time, the distortions that have been noticed during the first months of this government will be corrected. The government's particular intention is to make medium-term indexed loans the main source of credit expansion for the private sector. As for the regulated market, the objective is to make interest rates on deposits approximately neutral in real terms, so that interests on loans can become positive. This market will be used to channel credits toward activities considered to be priority by the government.

The estimates of monetization (Table IV) made on the basis of the projections presented here show progress beginning the fourth quarter of 1984. This way, the monetary projection is made on the assumption that money demand (M4) will increase by 5 percent of the GDP over the period running from the second quarter of 1984 to the second quarter of 1985.

As for the quasi-fiscal operations of the Central Bank, an improvement was registered in the second quarter of this year as a result of the fiscal deficit reduction, thus permitting credits to expand for the private sector. Additionally, the importance of granting nonsubsidized loans by the Central Bank has increased.

Projections indicate that these trends will hold in the future, thus making not only the reduction of the quasi-fiscal deficit more pronounced, but producing a moderate surplus beginning the fourth quarter of 1984.

Table V shows the total evolution in the public sector, including the Central Bank internal deficit. This reveals the government's sustained efforts to put its financial administration in order.

Attaining the aforementioned objectives will make it possible for the Argentine Government to achieve economic recovery, to increase salaries, to put its administration and public finance in order, to cut the public deficit, to curb the inflationary process, to promote investments, to meet its foreign commitments, and to put the economy on a sound footing.

I am sure that these objectives, that the Argentine Government and the international financial community have in common, are to be achieved through the measures proposed in this letter of intent, and with which we believe the IMF will agree and decidedly support.

Very truly yours, Bernardo Grinspun.

External Sector (Table I)

Argentina: Funds sources and uses as per Central Bank projections in millions of dollars

	1st semester 84	2d semester 84	total
Use of Funds	-695	-5,455	-6,150
Current Account	-281	-2,276	-2,557
Merchandise	2,733	1,096	3,829
exports F.B.O.	(4,779)	(3,900)	8,679
imports C.I.F.	(-2,046)	(-2,804)	(-4,850)
Interest payments	-2,716	-3,221	-5,937
Other services (net)	-298	-151	-449
Debt amortization	-368	-546	-914
international organizations	-77	-70	-147
gov. papers	-118	-163	-281
swaps	-173	-313	-486
Variation in delays	435	-2,618	-2,183
Variation in available reserves (increase -)	-431	-	-431
Others (net)	-50	-15	-65
Sources	695	5,455	6,150
Direct investment	120	80	200

Int'l. organizations	56	-	56
ALADI (net) [Latin American Integration Association]	-207	132	-75
Trade financing	-168	-60	-228
Bonex [Argentina's foreign bonds]	240	260	500
"A" 404 interests	91	43	134
Tourism counterpart	103	58	161
Paris Club	-	1,300	1,300
IMF	-	700	700
Bridge loan	-750	-	-750
Medium-term, 1983	1,000	-	1,000
Balance to be financed	210	2,942	3,152
Memorandum:			
debt increase	696	2,006	2,702 (6 percent)

External Sector (Table I)

Argentina: Funds sources and uses as per Central Bank projections in millions of dollars

	1st semester 85	2nd semester 85	total
Use of Funds	-2,615	-2,765	-5,380
Current Account	-992	-2,227	-3,219
Merchandise	2,660	1,264	3,924
exports F.B.O.	(5,210)	(4,214)	(9,424)
imports C.I.F.	(-2,550)	(-2,950)	(-5,500)
Interest payments	-3,283	-3,324	-6,607

Other services (net)	-369	-187	-536
Debt amortization	-586	-540	-1,126
int'l organizations	-71	-76	-147
gov. papers	-278	-229	-507
swaps	-237	-235	-472
Variation in delays	-1,038	-	-1,038
Variation in available reserves (increase -)	-	-	-
Others (net)	1	2	3
Sources	2,615	2,765	5,380
Direct investment	150	80	230
Int'l. organizations	-	-	-
ALADI (net)	52	23	75
Trade financing	-321	-205	-526
Bonex	-	-	-
"A" 404 interests	89	-240	-151
Tourism counterpart	134	82	216
Paris Club	300	300	600
IMF	700	700	1,400
Bridge loan	-	-	-
Medium-term 1983	-	-	-
Balance to be financed	1,511	2,025	3,536
Memorandum:			
debt increase	655	2,040	2,695 (5.6 percent)

Treasury's Cash Results Per Quarter

(Table II)

(in percentages of the GDP)

	1983 (iv)	1984 (i)	(ii)	(iii)	(iv)	1985 (i)	(ii)
Resources	30.68	33.45	35.96	39.32	41.70	42.01	41.22
Expenditures	47.14	43.96	45.59	47.25	51.36	49.36	49.32
Financing needs	16.46	10.51	9.62	7.93	9.66	7.35	8.10
External interests	6.33	5.23	4.96	5.08	5.19	5.23	5.15
Operational deficit and internal interests	10.13	5.28	4.66	2.85	4.47	2.12	2.95

Fiscal Expenditure

(Table III)

(in percentages of the GDP)

	1983	1984				1985	
	iv	i	ii	iii	iv	i	ii
Adjusted expenditures ( )	47.14	43.96	45.29	46.62	49.76	47.64	47.46
Unpaid warrants	1.90	1.60	0.50	-	-	-	-
Adjusted expenditures and unpaid warrants	49.04	45.56	45.79	46.62	49.76	47.64	47.46

( ) Adjusted expenditure excludes the additional expenditure pertaining to the payment of the contribution to the National Housing Fund (FONAVI) and the employers' contribution to the social security system by the state in its role as an employer. It also excludes the increase in expenditure caused by the increase of the rates that are paid by state organizations. Thus, for the purposes of comparison, the effects on public expenditure that result from the policies for obtaining fiscal resources are eliminated.

Relations Between Money Aggregates and GDP in percentages

(Table IV)

	1983 (iv)	1984 (i)	(ii)	(iii)	(iv)	1985 (i)	(ii)
M1 private	3.3	4.1	3.5	3.5	3.7	3.8	3.9
Demand deposits public sector	0.9	0.7	0.7	0.7	0.7	0.7	0.7
M1 total	4.2	4.8	4.2	4.2	4.4	4.5	4.6
Time deposit at regulated rates total	7.1	7.9	6.3	6.2	6.5	6.6	6.7
Time deposit at regulated rates private sector	6.1	7.4	5.9	5.8	6.1	6.2	6.3
Time deposit at regulated rates public sector	1.0	0.5	0.4	0.4	0.4	0.4	0.4
M2 private sector M2 total	11.3	12.6	10.5	10.4	10.9	11.1	11.3
Adjustable deposits including adjustment value	3.0	3.3	3.4	3.4	3.3	3.3	3.3
M4 total	14.3	15.9	13.9	13.8	14.2	14.4	14.4

Public Sector Deficit

(Table V)

(in percentage of the GDP)

	iv 83	i 84	ii 84	iii 84	iv 84	i 85	ii 85
1. Public sector deficit excluding the Central Bank	16.46	10.51	9.62	7.93	9.66	7.35	8.10
Internal	10.13	5.28	4.66	2.85	4.47	2.12	2.95
External Interests	6.33	5.23	4.96	5.08	5.19	5.23	5.15
2. Central Bank's internal deficit	2.00(x)	4.10	3.20	2.30	-0.50	-0.50	-0.50
3. Total	18.46	14.61	12.82	10.23	9.61	6.85	7.60
4. Total excluding external interests	12.13	9.38	7.86	5.15	3.97	1.62	2.45

(x) This figure pertains to the average of September (0.9) and December (3.2).

CZECHOSLOVAK FOREIGN MINISTER ARRIVES FOR VISIT

PY212058 Buenos Aires TELAM in Spanish 0322 GMT 21 Jun 84

[Text] Buenos Aires, 20 Jun (TELAM) -- CSSR Foreign Minister Bohuslav Chnoupek has arrived in our country on a 5-day official visit. He will be received tomorrow by President Raul Alfonsin and by Foreign Affairs Secretary Elsa Kelly. Chnoupek arrived at Ezeiza Airport at 2330. He was met there by the ambassadors of the socialist countries in Argentina and by our Foreign Ministry officials. Chnoupek dodged the press and, escorted by a heavy guard, headed for Buenos Aires.

Tomorrow at 1030 Chnoupek will be received by Ambassador Kelly at the Foreign Ministry and an hour later he will lay a wreath at the Jose de San Martin memorial in Jose de San Martin Square. Then, at noon, Chnoupek will go to the Government House where he will talk with Alfonsin. On Friday, Chenoupek expects to visit Misiones Province and on Saturday will visit Chaco Province. On Sunday, Chnoupek will greet Foreign Minister Dante Caputo upon the latter's return from Cartagena. On Monday the two Foreign Ministers will sign a cooperation agreement on health matters.

Meets With Alfonsin

PY212230 Buenos Aires TELAM in Spanish 1834 GMT 21 Jun 84

[Text] Buenos Aires, 21 Jun (TELAM) -- Today, President Alfonsin received CSSR Foreign Minister Bohuslav Chnoupek, who arrived in Argentina last night for an official visit that will end on 25 June. This has been reported by official spokesmen.

During the protocol call on the president, the visitor was accompanied by Argentine Ambassador to Czechoslovakia Angel Olivieri Lopez, CSSR Ambassador to Argentina Jan Jurista, and Argentine Foreign Ministry Foreign Relations Secretary Elsa Kelly de Guibourg.

FRENCH TREASURY OFFICIAL DEPARTS FOR PARIS 20 JUNE

PY211830 Buenos Aires DYN in Spanish 1215 GMT 21 Jun 84

[Excerpt] Buenos Aires, 21 Jun (DYN) -- Michel Camdessus, French treasury official and president of the Paris Club, has departed for Paris after a 5-day visit. He flatly refused to make any statements. During his stay he outlined his position and that of the European financial organization that he heads, indicating that it will wait until the IMF adopts a position before renegotiating Argentina's external commitments.

Camdessus departed for Paris yesterday just after 1900 [2200 GMT] from Ezeiza International Airport. During his brief stay in the airport -- he had arrived at [2130 GMT] in the company of Antoine Blanca, the French ambassador to Buenos Aires -- he repeatedly refused to speak with the press.

LABOR MINISTER DENIES PRESSURING CGT ACTION PLAN

PY212149 Buenos Aires Domestic Service in Spanish 1600 GMT 21 Jun 84

[Text] Labor Minister Juan Manuel Casellas has denied a press report that says that he and Hugo Barrionuevo, the presidential delegate for labor normalization, and Cesar Larolavsky, president of the Radical Civic Union's bloc of deputies, have brought pressure to bear on the action plan that has been announced by the CGT [General Labor Confederation].

It is my opinion that it is not a question of any type of pressure, the minister said, because I do not act that way; therefore, I do not believe that a comment that I made, that must be on record, when I arrived at Ezeiza can be taken as pressure.

LABOR CHALLENGES GOVERNMENT-PERONIST PACT

WA211145 Rome IPS in English 20 Jun 84

[By Ignacio Pena Salazar]

[Text] Buenos Aires, June 20 (IPS) -- A "political pact" signed recently by the government of Argentine President Raul Alfonsin and the opposition Peronist Party is under serious challenge from the labor movement, which is angered over the government's salary policy. The powerful General Labor Confederation (CGT), a union unbrella controlled by the Peronists, has warned that an anti-government "battle plan" will go into action this week if the administration does not increase planned salary rises. The "battle plan" might include mass demonstrations and a general strike, according to CGT Secretary General Saul Ubaldini, who said the labor initiative is needed because "the situation is chaotic, and hunger and misery have reached the homes of humble Argentines."

Ubaldini and Jorge Triaca, another CGT director, are members of the Peronists "Higher Command," designated by party President Isabel Peron during her recent stay in Argentina. All of Argentina's main political parties signed a political accord with the administration on June 7, agreeing to work for "national unity." One element of that unity is recovery of workers' spending power, which has been drastically weakened by the racing inflation rate, which topped 400 percent last year.

The political agreement, the result of negotiations in which the ruling Radical Party and the Peronists were the main forces, was seen as a truce between the administration and the opposition. It was also a demonstration of support for President Alfonsin's unorthodox strategy for renegotiating Argentina's $43 billion foreign debts.

Aware that the biggest obstacle to the desired "national unity" would be in the trade union sector, Alfonsin instructed Labor Minister Juan Manuel Casella to reach agreement on the administration's controversial plan to restructure the union leadership. Although the labor leaders reached agreement with administration officials, the union rank-and-file remained dissatisfied, and some two million workers in almost all sectors staged strikes and other protest actions in the last month. Many unions went through with the protests without their leaders' consent.

Some administration officials interpreted these actions as an attempt to undermine the government, and they are now growing more concerned, facing the threat of a possible 24- or 28-hour strike under the CGT's "battle plan."

Chief presidential adviser German Lopez has warned that the government will not alter its salary policy, despite union pressure. According to Lopez, who is considered the top administration strategist on union policy, the government will stand firm on its intention to increase real salary levels six-eight percent this year. Critics in the labor movement argue that they have not yet seen any increase in spending power, and that in fact they have lost ground since inflation is running at about 18 percent monthly, outstripping their wage rises.

Analysts here see no easy way out of the salary conflict, although both sides have a great deal at stake and want a solution.

The union leaders, who recognize the need to maintain fluid dialogue with the administration and prevent widespread social unrest, are under pressure from their union members, who have demonstrated a dramatic degree of independent initiative in recent weeks.

Union directors are under particular obligation to listen to the rank-and-file since union elections are looming, the first in nearly a decade. The administration is in an equally difficult position, caught between the need to calm the labor sector and avoid domestic unrest on the one hand and the necessity of renegotiating the foreign debt on the other.

The International Monetary Fund is demanding that Alfonsin's administration take austerity measures which would mean reducing real salaries. Alfonsin has repeatedly asserted that he will not reach an accord with the IMF if it means throwing the economy into deeper recession.

Last week the Argentine Government made the unprecedented move of submitting a letter of intent to the IMF without the approval of an IMF mission in Argentina. IMF directors responded that the economic program outlined in the letter did not satisfy the IMF's demands. As negotiations continue between Labor Minister Casella and trade union leaders, observers here agree that the next few days will be decisive for Alfonsin's political pact.

INDUSTRIAL COUNTRIES' PROTECTIONISM HARMFUL

PA210148 Buenos Aires CLARIN in Spanish 17 Jun 84 p 13

[Editorial: "New Protectionist Measures"]

[Text] During the recent London summit meeting the industrialized countries rejected an overall treatment of the underdeveloped countries' foreign debt problem, recommended "adjustment" measures, and trusted the recovery of the debtor countries on the reactivation of their economies, and international trade. According to this opinion the debtor countries will increase their exports, improve their income, and be able to comfortably pay their debt.

However, a few days after the conclusion of this summit meeting, the industrialized countries approved new protectionist measures, creating concern because this tendency causes great harm to many underdeveloped nations.

The U.S. International Trade Commission has said that copper imports are the main reason for the stagnation of the U.S. copper industry; therefore it requested to President Ronald Reagan that copper imports into the local market be allowed on a quota basis. This measure may be based on a GATT "escape clause" which allows countries to implement temporary protectionist measures when imports are hurting national industries without considering whether unfair practices in these operations exist.

In Latin America the U.S. protectionist measures will especially hurt Chile, which has a large foreign debt, because copper exports provide Chile with half of its foreign currency and because one half of its copper goes to the United States. The other countries that depend on this mineral and that will also be affected are the African countries Zambia and Zaire.

Also a few days ago the U.S. commission approved protectionist measures for steel imports that will also affect Latin American nations. As stated on a previous occasion the United States decided to apply countervailing duties on steel imports from Argentina, Mexico and Brazil to protect its steel industry which is in a state of crisis.

At the same time France reaffirmed in the EEC its position supporting the idea that the European countries should reduce beef imports. The EEC imports over 400,000 tons of beef a year from the United States, Australia, Brazil, and Argentina. This protectionist measure is requested at a time when the EEC -- which has recently become the second largest beef exporter in the world -- is about to replace Australia to become the number one exporter due to a generous and sustained policy of subsidies.

As a result of this situation the position of the smaller countries in the international market is getting worse. This is nothing new, but considering the current situation of many countries in this area, already affected by recession, high unemployment, and a large debt difficult to pay, the protectionist tendencies and the unfair competition are really becoming regrettable ingredients.

In this case the smaller countries will have to use all of their resources and imagination to take maximum advantage of their resources and to search in the harsh international market for ways to develop and sell their merchandise. However, this will not be enough. Here we must go back to what we said regarding the recent London summit meeting in the sense that if the world economic area is not enlarged in order to give an important participation to the developing countries, the world, or a good part of it, will be less stable each day.

The protectionist measures recently approved will contribute to suppress this economic area and to complicate the life of countries which in turn will be detrimental overall to the international economic system.

From the point of view of the underdeveloped countries a great deal of time has been wasted in the task of transforming the structure of production to overcome underdevelopment. This is necessary to fully develop the economy to a point from which it will be possible to prevent further deterioration of the chronic trade conditions, over and above the effects of the current crisis.

COB DECREES STATE OF EMERGENCY, MOBILIZATION

PY211620 La Paz Cadena Panamericana in Spanish 1130 GMT 21 Jun 84

[Text] The Bolivian Labor Federation [COB] has decreed a state of emergency and general mobilization of workers from all sectors of the country. This decision was adopted at a meeting of the COB's executive board. In a communique released by the COB, the union leaders criticize the price policy imposed by the Popular and Democratic Unity [UDP] government, disregarding the agreements signed recently in this regard. COB Press Secretary Edgardo Vazquez read the communique:

[Begin Vazquez recording] Recent events have demonstrated that not only the ministers of the economic area, but the president of the Republic himself, have violated the agreements. The COB feels that the dialogue has not yielded the expected results and we cannot continue feeding the workers with false hopes in the deceptive attitude of [words indistinct]. Therefore, the COB executive board has decided not to resume talks with the government for as long as it persists in its position, a style and behavior deeply rooted in the executive branch. Consequently, the COB declares a state of emergency and a general mobilization so that through our methods of struggle we may achieve the fulfillment of the agreements reached with the government.

La Paz, 20 June 1984

Signed: Juan Lechin Oquendo, Oscar Sanjines, and all members of the COB's executive board. [end recording]

DECREE CREATING MONETARY COUNCIL PARTLY ANNULLED

PY200145 La Paz Cadena Panamericana in Spanish 0000 GMT 20 Jun 84

[Excerpt] During today's meeting, the economic cabinet decided to partially annul the supreme decree issued on 27 April 1984 creating the Monetary Council. This information was released by Finance Minister Oscar Bonifaz who pointed out that decrees related to the Monetary Council have been annulled since the national cabinet decided this. The minister also pointed out that all affairs previously handled by the council will now be taken care of by the Finance Ministry.

MONETARY RESERVES AT LOWEST LEVEL IN YEARS

PY201915 Paris AFP in Spanish 1626 GMT 20 Jun 84

[Text] La Paz, 20 Jun (AFP) -- It was reported today that Bolivia's monetary reserves amount to $80 million, one of the lowest figures in the past few years. Finance Minister Oscar Bonifaz stated that the reserves are deposited with the Bolivian Central Bank. Bolivia's delicate economic situation is preventing the country from obtaining new credits easily and from increasing its income through exports. The government recently declared a moratorium on its foreign debt until the country achieves the recovery of its economy and a renegotiation with a consortium of 128 U.S. banks.

JOINT COMMUNIQUE WITH PERU STRESSES DEBT ISSUE

PY212025 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 84 p 6

[Excerpt] The most important and longest item in the joint communique signed yesterday by Brazil and Peru at the end of President Belaunde's official visit is concerned with the international economic crisis and Latin America's foreign debt.

The two governments are confident that the Cartagena meeting to be held on 22-23 June "will have the expected results and will contribute in an important way to the solution of Latin America's economic and financial difficulties." They also hope that the letter sent recently to the chiefs of government of the world's richest nations "will be favorably considered by the recipients in order to make it possible to adopt specific measures for promoting substantive changes in international financial and commercial policy for the benefit of the LatinAmerican countries."

The communique affirms that the current international economic crisis in "directly responsible for the widening disparity between developed and developing countries, the latter being more seriously affected by its effects." The document stresses that "the Latin American countries are bearing a burden that is disproportionate to their economies as far as the servicing of the foreign debt is concerned. This represents a limiting factor for the economic recovery of the region, a recovery which is further hindered by the increasing obstacles being raised to the entry of its products in the markets of the developed countries."

According to the joint communique, it is necessary that "the international banking system and the multilateral credit organizations adopt flexible and realistic attitudes in the foreign debt renegotiations, accepting interest rates and grace periods that are compatible with the objective of economic recovery. The document warns: "The debtor countries have the firm intention of fulfilling their commitments, and the creditor countries, in making their economic policy decisions, must take into consideration the social, economic, and political consequences of those decisions in the debtor countries."

The joint communique analyzes the Central American conflict and says that Brazil and Peru "express their firm support for the peace efforts made by the Contadora Group and exhort the crisis-torn countries to refrain from taking stands or actions that may increase tensions in the area even more." Lima and Brasilia do not want to see this conflict "being used as an arena of confrontation between the major powers and note that the efforts to solve it must strictly observe the principles of self-determination and of nonintervention."

The Brazilian-Peruvian document reiterates "the two countries maintain firm support for Argentina's just claim of sovereignty over the Malvinas Islands, and stresses the need for negotiations to be initiated soon getween the two interested parties under the terms of Resolutions 37/9 and 38/12 of the UN General Assembly."

GUERREIRO MEETS CZECHOSLOVAK FOREIGN MINISTERS

PY220215 Rio de Janeiro O GLOBO in Portugese 21 Jun 84 p 8

[Text] Brasilia -- Brazilian Foreign Minister Saraiva Guerreiro and his Czechoslovak counterpart Bohuslav Chnoupek, who yesterday held the first contact between the two governments after a 63-year history of diplomatic relations, advocated world peace, disarmament and better bilateral relations.

In a speech during a luncheon to fete the Czechoslovak minister, Saraiva Guerreiro recalled the difficulties developing countries are facing in attempts to expand their sales and balance their payment tallies, but asserted that those difficulties have not undermined the efforts to maintain bilateral trade. Guerreiro also mentioned the possibilities of signing a scientific and technological cooperation agreement as well as an agreement to avoid double taxation.

PROTECTIONISM TO BE DISCUSSED AT CARTEGENA

PY202209 Paris AFP in Spanish 1813 GMT 20 Jun 84

[Text] Brasilia, 20 Jun (AFP) -- Jose Botafogo, director of international affairs of the Planning Ministry, has stated that Brazil will present a series of proposals against protectionism during the meeting of debtor countries to be held in Cartagena. This project is primarily aimed at requesting the removal of the export subsidies on products such as sugar and chicken by the EEC and on meat by Japan.

The other Brazilian claim refers to putting an end to the tax barriers of the industrialized countries like the United States where some 50 Brazilian export products, chiefly iron and steel, are affected by customs duties. Brazil will also request from the industrialized countries -- and especially from the United States -- the reduction of budget deficits in order to prevent new increases in the interest rates, Botafogo said.

PRESIDENT FIGUEIREDO DISAPPOINTED WITH PDS

PY210130 Porto Alegre Radio Guaiba in Portugese 2150 GMT 20 Jun 84

[Text] According to Deputy Inocencio de Oliveira, who met with President Joao Figueiredo today, the president told him that he was disappointed with the Social Democratic Party [PDS] and that he is definitely not going to coordinate the electoral process in which he will only act as judge. According to De Oliveira, President Figueiredo also said that if a candidate of the opposition wins in the Electoral College he will simply hand him the presidential band.

Pernambuco State Deputy De Oliveira stated that the president believes that Deputy Paulo Salim Maluf is responsible for the PDS schism because of the haste in which he launched his candidacy and carried out his electoral campaign. Inocencio de Oliceira, who was incited to Planalto Palace upon his return from Asia, said that the chief of state had also told him that he had personally warned Maluf that he could win at the PDS convention but that Governor Tancredo Neves would win at the Electoral College. De Oliveira ended by stating that the president told him that Governor Tancredo Neves is a very capable and clever candidate and that he could become the next president of the Republic.

TANCREDO NEVES 'DESIGNATED' OPPOSITION CANDIDATE

PY210311 Rio de Janeiro O GLOBO in Portuguese 20 Jun 84 p 6

[Excerpt] Sao Paulo -- The designation of Minas Gerais Governor Tancredo Neves as the opposition's single presidential candidate was written into the original document unanimously approved yesterday by 10 opposition governors in a meeting at the Bandeirantes Palace, including Governor Leonel Brizola who left early, and Governor Jader Barbalho who came in late.

However, Tancredo Neves himself asked that his name be removed from the official document released to the press. According to one of the governors who attended the meeting, at no time did the governor of Minas Gerais reject the designation, he only pointed out that the opportune time for making it public must be awaited.

VOLTA REDONDA METALWORKERS OCCUPY STEEL PLANT

PY201615 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 20 Jun 84

[Text] Metalworkers of Volta Redonda have occupied the National Iron and Steel Company. The reported that production in the plant was suspended beginning today, and that only those workers necessary to maintain the furnaces will work in shifts.

The list of 25 demands begins with a request for wages equal to those earned by COSIPA [Sao Paulo Iron and Steel Company] personnel who are paid twice as much. The enterprise will probably present a counterproposal today at the roundtable meeting to be held at the regional labor court.

SUPREME COURT RULES TO EXTRADITE FIRMENICH

PY202150 Paris AFP in Spanish 2035 GMT 20 Jun 84

[Text] Brasilia, 20 Jun (AFP) -- Today the Brasilian Supreme Federal Court decided, by 7 votes against 3, to extradite Montonero leader Mario Firmenich to Argentina. Firmenich is currently under arrest in Brazil.

Of all the charges against Firmenich the court only upheld the charges of homicide, attempted murder, and kidnapping, while rejecting the charges of being head of the Montoneros movement, carrying arms, possession of explosives and the use of forged documents.

According to Brazilian law Firmenich cannot be condemned to more than 30 years imprisonment for the crimes of homicide and attempted murder.

Wife Arrested

PY212238 Paris AFP in Spanish 2029 GMT 21 Jun 84

[Text] Brasilia, 21 Jun (AFP) -- Maria Elpidia Martinez Aguero, wife of Montonero leader Mario Eduardo Firmenich, was arrested today while visiting her husband at the Federal Police Department.

The arrest of Firmenich's wife had been ordered by the Justice Ministry acting upon a request for her extradition made by the Argentine Government.

Yesterday, the Supreme Court (STF) ruled by a 7-to-3 vote for the extradition of the Montonero leader as had been requested by the Argentine Government after he was arrested on 13 February.

Firmenich had decided to reside in Rio de Janeiro after he participated in a meeting of South American Democratic and Popular Parties which was held in Sao Paulo in November 1983.

ENRICHED URANIUM TO BE PRODUCED WITHIN 3 YEARS

PY210126 Brasilia Domestic Service in Portuguese 2200 GMT 20 Jun 84

[Excerpts] Dario Gomez, president of Nuclebras [Brazilian Nuclear Corporations], in Rio de Janeiro, today, announced that within 3 years Brazil will start producing enriched uranium.

Gomez pointed out that the first real and practical achievements in this field were obtained with FRG cooperation and pointed out that by the end of the year the FRG will transfer to Brazil the know-how regarding one of the three states that are followed to enrich uranium and the compressors that are necessary for this process.

Recently Gomez obtained loans for a total of $170 million with the FRG and Great Britain covering the foreign debt and amortizations.

BRIEFS

PETROLEUM PRODUCTION GOAL -- The Mines and Energy Ministry has set a daily goal of producing 600,000 barrels of petroleum by the end of this government term on 15 March 1985. An average production of 500,000 barrels daily will probably be achieved by next month. It has been reported also that Brazil at present is importing 450,000 barrels daily. [Summary] [Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 18 Jun 84 PY]

TELEPHONE INSTALLATIONS -- The minister of communications has dedicated six stored program centrals [centrais pro programa armazenado] that will operate with 38,000 new telephone lines in Sao Paulo. [Summary] [Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 13 Jun 84 PY]

HOOF, MOUTH VACCINE PRODUCTION — By the end of the year Brazil will have produced 6 million doses of anti-hoof and mouth disease oil-based vaccine, thus becoming the first Latin American country to produce this product. [Summary] [Brasilia Domestic Service in Portuguese 2200 GMT 13 Jun 84 PY]

ECONOMY MINISTER VIEWS FOREIGN DEBT, CARTAGENA

PY202110 Santiago Domestic Service in Spanish 1100 GMT 20 Jun 84

[Excerpt] Economy Minister Modesto Collados has stated that the overall debt renegotiating terms between creditor and debtor countries must be just, adding that Chile does not promote the creation of a debtors club. Collados made this and other statments at the end of a coordinating meeting with Finance Minister Luis Escobar Cerda and Foreign Minister Jaime Del Valle at the foreign minister's office.

Collados and Jaime Del Valle will leave for Colombia at 1040 today to participate in a meeting of Latin American economy and foreign ministers for the purpose of discussing the foreign debts owed by Latin American countries.

Asked about the Chilean position in this regard, the economy minister replied:

[Begin Collados recording] No, Chile does not favor the creation of a debtors club. No, this will not be our position. All countries are different and each country's situation is totally different. However, we believe it is necessary that justice should prevail in relations between debtor and creditor countries. This is what Chile believes. However, Chile is against carrying out joint negotiations through a club. This is senseless when circumstances are so different. [end recording]

He added that Chile is negotiating its foreign debt on its own, at a bilateral level, and that it will continue to do so. However, he said, we are interested in the views of other Latin American countries on this matter.

Collados later stated that the current renegotiating terms are complex.

[Begin Collados recording] The current renegotiating terms between debtors and creditors, because of the prevailing interest rates, are extremely hard on debtors. As debts are serious to both debtors and creditors, a just measure would be for the two to share the impact of [words indistinct]. [end recording]

Collados added that debtor countries are currently forced to pay their debts under conditions they had agreed upon, adding that we are trying to ease these terms. He also said that debts are an international problem.

[Begin Collados recording] It is an international problem. Undoubtedly the debt situations of Latin American countries such as Argentina, Uruguay, Peru, Brazil, and Mexico are proportionately similar to the one Chile is facing. Therefore, it is an international problem.

As you know, many dollar loans were made after the oil crisis. Those who had the dollars demanded a guarantee and those who could meet this demand borrowed the money. This in turn created a (?contingent) situation, which is affecting all the world and not just this region. [end recording]

Collados said that the purpose of the Cartagena meeting is not to put pressure on creditor countries, but rather to establish a fair relationship between creditors and debtors.

He added that the terms of the 780-million loan obtained by Minister Escobar Cerda are good, and that the money was obtained from foreign private banks.

Asked how the Cartagena meeting in Colombia could benefit Chileans, he answered:

[Begin Collados recording] Look, it is perfectly clear that Chile and the Chileans are deeply interested in obtaining more favorable renegotiating terms. All the money we do not have to allocate yearly to the interest payment on our foreign debt can be earmarked for domestic economic and social development plans. So this will directly benefit the people and [words indistinct]. [end recording]

Asked about the percentage of income Chile yearly earmarks for the payment of its foreign debt, Minister Collados answered:

[Begin Collados recording] Chile yearly earmarks, or it should earmark, to include debts that have not yet been renegotiated [que no estan pactadas], approximately one-half of its exports. However, we will seek to earmark a smaller amount, probably 25 percent of all export. These figures are merely informative, but they give an idea of what [words indistinct]. [end recording]

Collados added that Chile is trying to overcome the crisis and that it is getting organized to obtain better conditions for paying its foreign debt. Similarly, he said that although the social market policy has been criticized, he believes that it should be maintained and that the government should continue to emphasize the social sector.

Asked about the actions to persuade the IMF to make its conditions more flexible, Collados said that this is being discussed on a bilateral level and that things are going quite well. Collados concluded by stating that if any general measure modifying the aforementioned should arise during the Cartagena meeting, Chile will take it into account for [words indistinct].

GOVERNMENT ISSUES STATE OF EMERGENCY EXTENSION

PY220035 Buenos Aires TELAM in Spanish 0006 GMT 22 Jun 84

[Text] Santiago, 21 Jun (TELAM-LR) -- Today the Chilean Military Government announced that it has decided to extend, as of tomorrow and for another 3 months, the state of emergency that was implemented in the country in March. The emergency law [Interior Ministry Decree No 599] grants the Santiago military authorities the right to restrict the freedom of assembly and information and to prohibit the transit of private vehicles through Chilean cities during night hours.

This announcement was made after an attack against a train in Santiago last night that resulted in the death of the engineer and the injury of a passenger. This attack was the latest in a series of bomb attacks and sabotage that, according to the government, were perpetrated by leftist guerrilla members. Government officials stated that terrorist attacks prompted the government to implement the emergency state again in March 1984, a few days before the first national day of protest against General Augusto Pinochet's government. The state of emergency had been lifted in August 1983 for the first time since the military coup in 1973 as part of a package of reforms implemented by Chilean Interior Minister Sergio Onofre Jarpa Reyes.

AFP: IRAQI AIRPLANE LANDS, LOADS CLUSTER BOMBS

PY211608 Paris AFP in Spanish 1324 GMT 21 Jun 84

[Text] Santiago, 21 Jun (AFP) -- According to reliable sources an Iraqi Boeing 747 landed in Santiago today to load another cargo of the powerful cluster bombs weighing over 200 kg and which Iraq is using in its war against Iran.

As soon as the airplane stopped its engines and turned off its parking lights a mobil structure specially designed to lift heavy containers came to the side of the fuselage of the white and green Iraqi airplane. According to LAS ULTIMAS NOTICIAS the cluster bombs were loaded under strict security measures a few minutes after the airplane arrived. The bombs are sold to Iraq by the Chilean company Cardoen.

The newspaper says that this is the fourth Iraqi airplane to arrive in Chile to load the bombs, but reports from the United States indicate that Iraq reportedly purchased 5,000 cluster bombs in Santiago and that the first shipment reportedly left from Chilean ports 10 weeks ago. The sale is reportedly worth $35 million. According to experts the cluster bombs open in the air to release 240 smaller bombs over a large area.

GOVERNMENT FORBIDS TESTIMONIAL TO SALVADOR ALLENDE

PY210115 Santiago Radio Cooperativa in Spanish 1715 GMT 20 Jun 84

[Excerpt] The government has denied permission to hold a cultural testimonial to the late President Salvador Allende. The testimonial was being organized by the Socialist Artists and Creators Movement, MACS, which is said to be autonomous, with no political connections.

MACS gave a press conference to announce the government's refusal. Its leaders said they were surprised because on 15 June the government authorized the Nationalist Action Movement to stage a political event in the Carlos Cariola Theater. This testimonial was scheduled for Sunday 24 June.

SUPREME COURT UPHOLDS SEGUEL DISQUALIFICATION

PY202040 Santiago Domestic Service in Spanish 1730 GMT 20 Jun 84

[Text] The Supreme Court has ratified the disqualification of Rodolfo Seguel as a union leader. In a ruling, the Supreme Court rejected a court injunction sought by the leaders of the Copper Workers Confederation who had been affected by an Interior Ministry resolution. The resolution affected Seguel, Manuel Rodriguez, Raul Montesinos, and Ruben Ribera.

The Supreme Court thus upheld a Sixth Appellate Court 4 May decision, disqualifying the four union leaders headed by Seguel. Thus, Seguel and his followers will not be able to serve as labor union leaders. The Supreme Court ruling does not affect a pending suit for arbitrary and illegal dismissal filed by the aforementioned leaders who were fired by CODELCO [Copper Confederation] for promoting and participating in an illegal strike. This in turn meant that these people were no longer workers representatives.

OFFICIAL SAYS RELATIONS WITH CHURCH NOT AFFECTED

PY211612 Santiago Domestic Service in Spanish 1100 GMT 21 Jun 84

[Excerpt] Yesterday Under Secretary of the Interior (Alberto Cardevil) said that the government's decision to banish Father Marotto will not damage church-government relations. The government official explained why the government made this decision. During a conversation with the press (Cardevil) said:

[Begin recording] [Cardevil] I believe that Marotto's commitment with the Movement of the Revolutionary Left [MIR] can be clearly established by reading opposition publications or the letters Father Marotto sent to the magazine HOY and other magazines. I believe it is reduntant to discuss the MIR attitude and activities.

[Question] Did the government convey this decision to church officials today or yesterday?

[Cardevil] No, because Father Marotto has been suspended from his priesthood mission, therefore we can say that he is not a priest with a church mission and the other person is a civilian [words indistinct].

[Question] Has the church submitted a request on behalf of Father Marotto?

[Cardevil] No, as far as I know my office has not received anything.

[Question] This morning Monsignor Fresno said that the government decision does not help to appease the spirits. What is your opinion?

[Cardevil] I have not heard what he said. I would have to know his exact words and Fresno's expressions. I have not heard it yet.

[Question] Do you not believe that this government decision can damage church-government relations?

[Cardevil] No, I do not think so. I am sure it will not.

[Question] How can you be so sure?

[Cardevil] I am sure because the government's relations with the church are based on the search for common good. We as a government are involved in earthly matters and, of course, the church with spiritual. The government measure taken against a priest, who has been suspended from his priestly mission, by using current legal instruments and considering the common good cannot in any way damage the relations between church and state. [end recording]

MIR ACCUSES MONSIGNOR OF PRIET'S BANISHMENT

PY212240 Santiago Domestic Service in Spanish 1730 GMT 21 Jun 84

[Text] The Movement of the Revolutionary Left [MIR] has accused Santiago Archbishop Monsignor Fresno of being responsible for banishing Father Rafael Marotto. This statement was made in a press conference by Juan Parra Sepulveda, the MIR's new representative to the Marxist Popular and Democratic Movement [MDP]. Parra stated: The MIR maintains that hasty remarks made by Msgr Fresno were used as evidence to justify the Rafael Marotto's banishment. The accusation against Msgr Fresno was made in a document read by Parra himself.

RADICAL DEMOCRATS ELECT LEADERS, APPROVE STATEMENT

PY201855 Santiago EL MERCURIO in Spanish 11 Jun 84 p C3

[Excerpt] The deputy president of the Radical Democratic Party, Jaime Tormo, yesterday said that his party's national assembly has approved its statement of principles. He also said it was unanimously agreed to modify the party's political line vis-a-vis the government from "constructive opposition" to "independence." This change was proposed by the Nuble delegates some time ago.

Enrique Rabento was assigned to head the supreme tribunal, and Manuel Urrutia the legislative committee. This committee will study the political laws currently being discussed. Jaime Tormo, Julio Duran, Angel Faivovich, Eduardo Lathrop, Roberto Vargas, Enrique Schilling, Claudio Morales, Rafael Otero, and Emilio Edwards were elected to the National Executive Board. It was stated that this board will have extraordinary powers during the party's organization period. The National Executive Board appointed the party's Directive Board, and Angel Faivovich was reelected as its president. Tormo was elected head of the political commission.

UNIVERSITY GRANTS AUTONOMY TO STUDENT ASSOCIATIONS

PY201850 Santiago EL MERCURIO in Spanish 13 Jun 84 pp A1, A10

[Excerpt] The University of Chile Superior Council yesterday decreed the autonomy of this university's student associations.

The rector of the university, Brigadier General Roberto Soto Mackenney, stated that the university no longer recognizes any student organization in particular, in compliance with the total and unrestricted freedom granted to the students to form their own associations.

The rector warned, however, that this freedom does not mean that the students can engage in activities not related to studies, such as political or party activities.

In order to declare the students' autonomy, the Superior Council abolished the decree establishing the single association that gave birth 7 years ago to the dissolved FECH [Student Federation of Chile] that until 8 June had its headquarters at 240 Santa Lucia Street.

AFP REPORTS 'TERRORIST' ATTACKS NEAR SANTIAGO

Train Attacked

PY210138 Paris AFP in Spanish 0042 GMT 21 Jun 84

[Text] Santiago, 20 Jun (AFP) -- According to preliminary reports, some 20 armed individuals attacked a passenger train tonight near Santiago, but they were spotted by a police patrol; a shootout, causing the death of the train's engineer, ensued. The semi-official news agency ORBE stated that the commando, wielding automatic firearms, traveling in three trucks, intercepted the train, and threatened the engineer with firearms.

Radio reports said that the unidentified individuals, who are apparently terrorists opposing the military government, upon being caught by the policemen, dynamited the railroad thus interrupting the traffic to southern Chile. In the shootout, the train's engineer, Juan Avila Garay, was killed, according to sources at the hospital where he was admitted.

Bus Attacked

PY210343 Paris AFP in Spanish 0250 GMT 21 Jun 84

[Text] Valparaiso, Chile, 20 Jun (AFP) -- Several hooded individuals wielding machineguns attacked a bus tonight, took the money of the driver and the passengers, and then fled. Eyewitnesses stated that the unidentified individuals apparently made up a terrorist commando that intercepted the bus at the boundary between Vina del Mar and Valparaiso, 140 km northwest of Santiago.

Police and security service agents are intensely investigating this action which took place 1 hour after a convoy was attacked in Santiago with the engineer being killed as the result of an undetailed shootout between the attackers and the police. During this action, some 20 heavily armed subversives participated. Before fleeing, they detonated a bomb and threw pamphlets of the antigovernment Patriotic Manuel Rodriguez Front (FPMR) which has claimed over 50 attacks over the past 6 months. General Augusto Pinochet's military government has linked the FPMR to the outlawed Chilean Communist Party.

EDITORIAL EXAMINES DEMOCRATIC ALLIANCE DISPUTES

PY212036 Santiago EL MERCURIO in Spanish 11 Jun 84 p A3

[Editorial: "The Troubles of an Alliance"]

[Text] The Democratic Alliance (AD) was formed to group political movements that are fairly heterogeneous regarding their history, representation, and ideology. Nonetheless, the common aspiration to speedily end the Armed Forces government served as the uniting element for its political actions. Such foundations are precarious for establishing a solid grouping and, although the AD continues in effect today without any major disagreement among its members, the problems arising with some of its member parties raises serious questions about its future.

Social Democrats and Socialists have become involved in internal disputes that have produced serious disagreements among their leaders. The division among Social Democrats is hard for the people to understand, since all the struggling parties seem to agree on the basic principles of this movement. Nevertheless, they have decided to establish single parties and the AD has not accepted all of them. The president of the Social Democratic movement has stated that that party is a member of the AD since the latter was established and it is one of its founders. However, its membership in the AD was rejected by the national AD leaders.

For the ousted Social Democrats this stance is also hard to understand since they also share the basic goals of the AD members. Apparently, however, now it is not enough to advocate such ideas in order to join the AD, something that is incomprehensible given the obvious disagreements that have always prevailed among its members.

The Socialist Party has also split, but among them the differences have a more serious ideological root. In this case as well, the AD has made the decision of retaining only one of the three resulting socialist movements. The reaction of the other two did not take long. The socialist fraction led by Manuel Mandujano feels that this is a political mistake which could lead the AD to turn into an administrative and bureaucratic entity. The organization that sought to bring under one umbrella all the forces with any democratic standing may be turning into an entity that deepens the divisions among them. Moreover, the trend that favors remaining in the AD counts among its members the outstanding leaders of the UP [Popular Unity] ranging from former Interior Minister Carlos Briones to its current leader, former Senator Carlos Altamirano. Quite likely they are not the most representative leaders of the democratic trends existing in socialism.

The AD may play a key role by grouping the opposition trends that are truly democratic. Between the latter and some political sectors advocating a speedy although respectful transition for the legal system, broad political accords that guarantee a democratic breakthrough could be studied. The discussions on determining the legitimate members of the AD weaken, no doubt, this heterogeneous grouping, and make it even more difficult for some large democratic forces to participate in the transition process.

AIR FORCE PERSONNEL LINKED TO ARMS TRAFFICKING

PA211747 Bogota Cadena Radial Super in Spanish 0000 GMT 21 Jun 84

[Text] Bogota -- The dismissal of 95 members of the Colombian Air Force, FAC, including officers, NCO's, and technicians, has caused considerable reaction among the military. As a result of an investigation carried out by FAC's intelligence services it has been established that many irregularities were taking place in various FAC bases throughout the country and that these irregular activities were being carried out by FAC active duty personnel. According to information confirmed by the FAC commander's office, the implicated personnel include a colonel, 23 other officers, 17 NCO's, and 54 technicians. It has been reported that the 95 FAC members were involved in arms trafficking, fuel theft, and in the theft of funds from the (Tatu) enterprise. Other robbery charges are under investigation.

Some of the people involved in this case, which is being handled by the justice at Military Court No 43 are Colonel Italo Ranulfo Araujo Ortiz, commander of the Tres Esquinas Air Force Base in Caqueta Department; and Captains Jorge Rodriguez Calderon, Jaime Otoniel Dieno Sierra, Jose Eduardo Romero Padilla, Jorge Eliezer Moreno Moreno, Alvaro Llanos Murcia, and Alfonso Ariza Rubiano.

Colombian Air Force Commander Major General Augusto Moreno Guerrero has issued a communique declaring that the investigations will be thorough, regardless of the consequences. None of the implicated FAC members has made a statement on the case.

FARC DENIES HOLDING POLITICIAN'S BROTHER

PA211945 Madrid EFE in Spanish 0508 GMT 21 Jun 84

[Text] Bogota, 20 Jun (EFE) -- The Eighth Front of the Revolutionary Armed Forces of Colombia (FARC) has denied having Alvaro Mosquera Chaux in its power. An armed group claiming to belong to the FARC kidnapped former President-Designate Victor Mosquera Chaux's brother 8 months ago in Cauca Department. Mosquera's relatives negotiated his release and paid 20 million pesos ($200,000) to the kidnappers, but Alvaro Mosquera Chaux was not freed.

A FARC communique declares that "it is not true that Mr Alvaro Mosquera Chaux is in our power," and expresses its determination to comply with the agreement signed by the guerrillas and the government on 28 March. In that cease-fire agreement, the FARC committed itself to honor a truce and rejected abduction as a political weapon.

Military troops and former President-Designate Mosquera Chaux have said that there is no possibility that common criminals could have kidnapped Alvaro Mosquera, because the FARC operates in that part of Cauca Department. The former Liberal president-designate added that his family presented documents to the National Verification Commission demonstrating that his brother is in the hands of that guerrilla group.

The communique in which FARC denies holding Alvaro Mosquera was delivered to the mayor of Argelia, a town in southwest Colombia.

MONTANARO: IAPA MEMBERS, CHAMORRO 'WELCOME'

PY210136 Asuncion ULTIMA HORA in Spanish 20 Jun 84 p 10

[Text] Interior Minister Sabino A. Montanaro, who is acting as foreign minister, has flatly denied that a visa request for Pedro Joaquin Chamorro, publisher of the newspaper LA PRENSA from Managua, for attending an Inter-American Press Association (IAPA) meeting to be held in Asuncion, had been turned down. The alleged rejection of a visa for Chamorro had been disseminated by an international news agency through a cable datelined Asuncion.

Chamorro as well as the other members of the IAPA directorate have all the necessary guarantees to participate in the meeting that is to take place in Asuncion beginning Friday, 22 June, government sources said. All IAPA members who wish to attend this meeting are welcome in Asuncion, the official sources added.

The IAPA will hold a meeting on Friday, 22 June, to review the situation arising from the indefinite suspension, ordered by the Interior Ministry, of the newspaper ABC COLOR.

EDITORIAL RECALLS 'CUNNING' OF FORMER U.S. ENVOY

PY192055 Asuncion PATRIA in Spanish 17 Jun 84 p 5

[Editorial: "The Poisoned Fruit"]

[Text] During the appointment of a former U.S. ambassador, one of sad memory, the most nefarious elements of our democratic multiparty system and especially those of the Radical Liberal Party were well received at the U.S. Embassy.

The best informed people of the time remember that the idea of the "popular front" emerged from the cunning activities of that U.S. ambassador who sought to give force and a totalitarian touch to the group opposed to President Stroessner and to the Colorado Party. Once this was achieved, he supported this group resolutely. It is also remembered that he approved the Febrerista Revolutionary Party [PRF] position of abstaining from voting, and considered that a plan to tarnish the government's democratic image was feasible, hoping to leave the Colorado Party without a competitor. This is what was discovered behind the great conspiracy concealed by the project for integral unity of the Liberal Party, by which all those sectors participating in the elections would be separated and those parties abstaining from voting would be allied to the PRF to form a front, to leave the government without opposition, making it appear as a one-party regime.

But the leaders of the two liberal parties who sensed or discovered in time that they would be left out of the manipulated "synthesis" operation reacted energetically and denounced the real purpose of the "unity" activists, who were talking about leaving them on the sidelines.

The PRF, which was easily inclined to any form of alliance or agreement and which was emerging from the coupist "pact of national unity" of 1958 and from the most recent experience of the "open lists" with which it made its debut in 1965 by participating in the municipal elections, plunged fully into the idea of collusion. And the sadly remembered ambassador took charge of facilitating contacts, suggesting rapprochement, until the dissident sectors of the Liberal Party -- once the plan for "unity" failed -- naturally sought the shelter of the PRF. Thus, the original plan of dragging in all the opposition parties did not fail completely and doubts could be raised regarding the democratic multiparty system. With the two liberal factions divided, only the Radical Party sparked the idea of collusion with the "authentics," a faction of the Liberal Party. Once control of the executive board has been lost, the other faction [not further identified] abandoned the plan and withdrew from the political arena.

The result of the meddling attitude of the U.S. ambassador, soon to become a continental celebrity, was the splitting of the Liberal Party and of the Radical Liberal Party and the formation of the abstentionist "Popular Front." The PRF opposition, irregular since 1973, was "enriched" in 1978 with the inclusion of the "authentic Radicals" and of the Christian Democrats who joined the collusion, all of them enthusiastic about the "possibilities" they saw in the promise offered by Jimmy Carter's political line, with the help of the State Department. This was the gift that was being talked about in those peak days of the populist front.

The time has passed with well-known results. A democratic multiparty system firmly prevails in Paraguay, while the collusion was never able to set in as originally planned. On the contrary, the PRF knows that it lacks the support of the "Socialist International," on which it depends, in the absurd position it has adopted not to participate, although nothing blocks that participation. Regarding the other small parties accompanying the PRF, they have not been able to demonstrate that they are not residiual minority groups precisely because they defend radicalized positions that do not meet the expectations of the Paraguayan people or the national political situation, which is eminently open to competition and to participation.

The "harvest" of the wretched ambassador has been absolutely negative for democracy in Paraguay, although he did not succeed in drowning it altogether. But as far as the United States is concerned -- and he was its representative -- it did not reap anything either, because elements of the "Popular Front" coalition who act in Europe as spokesmen under the name of the "Paraguayan Accord in Exile" are now fully campaigning against anyone smelling like a North American. Adopting a furiously Marxist-Communist radical position, the least they say -- without being corrected by their "superiors" in Asuncion -- is that "Stroessner's dictatorship," as they call the government, "is the daughter of Yankee imperialism, which looks after it and by which it was fed from the beginning to the present with piles of dollars, technical assistance, and unconditional international support." With more aggressive words, this is the same thing that the "Authentic Radicals" told some officials of the Carter administration, Senator Kennedy, and circles of international financial organizations seeking to eliminate Paraguay from the cooperation for development plan. This is the distant echo of the "performance" of that sadly remembered U.S. ambassador, about whom the Central Americans who endured his presence have nothing better to say.

PRESIDENT DISCUSSES FERREIRA, POLITICAL ISSUES

PY220200 Madrid EFE in Spanish 0133 GMT 21 Jun 84

[Text] Montevideo, 21 Jun -- Uruguayan President General Gregorio Alvarez stated today that his government will not yield to internal or external pressurs, referring to petitions being made for the release of political leader Wilson Ferreira Aldunate. In a press conference, President Alvarez answered questions from local newsmen whom he praised for the propriety with which they asked their questions, in contrast with what happened a few days ago when Interior Minister General Julio Rapela was put in an embarrassing situation and had to hear the word "clowns" in a reference to the government.

The Uruguayan president harshly attacked the National (Blanco) Party for designating Ferreira as a presidential candidate when he had been sought for 7 years by the military court. Alvarez also said that he was not inclined to adopt any special decision to pardon common crimes. The president then mentioned the crimes committed by Ferreira, and gave details about his contacts with the subversive movement and the damage he caused to the country by blocking international military and financial assistance.

Alvarez made no effort to justify the military court's actions and stated that Ferreira's trial was carried out in keeping with a law that had been approved by the politicians themselves in July 1972 when "they came to the barracks and wanted us fight against the guerrillas."

The Uruguayan president stated that the Foreign Ministry is analyzing the notes and petitions received from abroad in order to determine whether they constitute interference in Uruguayan domestic affairs.

Alvarez supported the Armed Forces efforts to democratize the country, accused the politicians of "seeking support" instead of solutions for the future government and voiced his confidence in the Uruguayan citizens and political parties to be able to reach 25 November -- the day elections are scheduled -- in peace.

When asked his opinion of the U.S. State Department's comment that Ferreira Aldunate's arrest could place the elections in jeopardy, he said that "it is a matter of concern." Alvarez said that the U.S. State Department has always been careful to not interfere in Uruguayan domestic affairs and that his government would not tolerate such interference.

Alvarez said the "civic stoppage" called by all political parties for 27 June to mark the 11th anniversary of the coup will only result in "the workers losing 1 day of work."

Alvarez insisted on saying that the government has very clear objectives, that no executive branch official is seeking political posts, and that pressure on the government is pointless.

Alvarez made a call to seek solutions through dialogue and political accord and expressed his concern about the refusal by political parties to approve rules that would preclude those problems we had a few years ago, when the Tupamaros unleashed violence in the country.

Politicians and military officers are in disagreement because the latter want to impose arbitrary measures on the future government. Alvarez said "we only want to enact emergency measures that would be applied by a government selected by the people."

Further Remarks

PY220330 Montevideo Radio Carve in Spanish 0000 GMT 23 Jun 84

[Excerpt] At the press conference, answering a question, President Alvarez talked about the notes sent by foreign governments requesting the release of Wilson Ferreira Aldunate:

[Begin Alvarez recording] The Uruguayan Government has received, not necessarily requests, but notes referring to the case of the person being mentioned. We are studying the treatment to be given to each of these notes, especially to notes from official authorities and governments. Unfortunately in this exchange of notes, this expression of wishes that are normally handled through diplomatic channels, which are characterized by their discretion in due consideration for the rank of the one who sends and the one who receives the note, unfortunately, as I said, for reasons for which I do not know who is responsible, the discretion has been lost in this case. So the Uruguayan Government is studying these notes before making a decision about each of those the government has received.

We have to take into consideration that, in each of these notes, emphasis is made of the fact that there is no intention of interfering in Uruguay's internal problems. So in the face of this expression, which can be debated we have to analyze the channels used and the importance of the style of each of these notes. Because the expression that one does not intend to interfere in the internal affairs of Uruguay has to be demonstrated by one's actions. We are then studying the notes, because, in parallel with this, and you know about the case a few days ago, I believe on Saturday or Sunday, the interior minister of Uruguay had to receive congressmen from a neighboring country [Argentina] who came on a personal mission, but in the course of the conversation, wanted their congressional status recognized, and not only their status as such, but also that as representatives of the Congress of which they are members. The minister was then forced to end the meeting. So I cannot anticipate the treatment that will be given to each note. [end recording]

Part of the press conference was devoted to discussing the U.S. Department of State:

[Begin Alvarez recording] The Department of State has been very careful not to interfere in the internal affairs of Uruguay by saying, and in this it acted very properly, that the aspiration of the Department of State was coincidental with the aspiration of the Uruguayan Government. So this does not mean pressure, as I read in the press, because the Uruguayan Government understands that, although the press says that pressure is being applied, just because someone makes a statement abroad or in the country with the intention of putting pressure, the government does not have to yield to pressure, does not admit pressure.

In the internal affairs of the state, I prefer the principles of our foreign policy, not to rebuke anybody, but not to admit interference in our internal affairs, because by doing so we are strengthening one of the fundamental pillars of our sovereignty. The Uruguayan Government does not accept, in any way, [words indistinct] the sovereignty of the country. [Passage indistinct] [end recording].

Public Reaction

PY220240 Madrid EFE in Spanish 0201 GMT 22 Jun 84

[Excerpt] Montevideo, 21 Jun (EFE) -- With a concert of pots and pans most Montevideo residents tonight showed their disapproval for the statement by President Gregorio Alvarez that he would not pardon Wilson Ferreira Aldunate.

Tonight Alvarez gave a press conference to local newsmen which lasted more than 1 hour and which was carried by radio and television stations. The broadcast of the press conference provoked beatings of pots and pans in several districts of the capital, this being the way the people usually show their disapproval whenever a government official delivers a speech to the nation.

'CITIZENS STOPPAGE' CALLED FOR 27 JUNE

PY211623 Madrid EFE in Spanish 0409 GMT 21 Jun 84

[Text] Montevideo, 20 Jun (EFE) -- All Uruguayan political parties tonight decided to promote a "citizens stoppage" on 27 June, on the occasion of the 11th anniversary of the coup, to ask for "freedom, elections, amnesty, and democracy." The decision was adopted during a meeting of the Multiparty Group with the participation of delegates from the Civic Union, Colorado, and Blanco legal political parties and the proscribed leftist Broad Front. After a lengthy discussion, the party delegates also unanimously decided to demand the release of presidential candidate Wilson Ferreira Aldunate, who has been indicted by "an incompetent court that has involved itself with the political sector." The Multiparty Group has also decided to ask all the social sectors to participate on 27 June and the stoppage "must be peaceful." It also urges all citizens to remain in their homes as a protest against the military regime.

WIFE SAYS FERREIRA IN GOOD HEALTH, 'OPTIMISTIC'

PY220230 Madrid EFE in Spanish 2304 GMT 21 Jun 84

[Excerpt] Trinidad, Urugyay, 21 Jun (EFE) -- Wilson Ferreira Aldunate, proscribed leader of the National or Blanco Party who is awaiting trial, today received the first visit of his family at the Trinidad Artillery Battalion where he is under arrest. Ferreira met for 1 hour with his wife, Susana Sienra de Ferreira, his daughter Silv his son Gonzalo, and one of his grandsons, in his prison in Trinidad, 190 km northeast of Montevideo. His other son, Juan Raul, is under arrest and also awaiting trial at another military unit in Paso de los Toros, 300 km north of the Uruguayan capital.

After leaving the military unit, Ferreira's family members said the National Party presidential candidate has recovered from the flu and bronchitis he had when he was arrested last Saturday. His wife said: "I could not say that he is well because he is under arrest but I found him in good spirits and very optimistic, which is one of his characteristics."

According to his visitors, the politician has said he had been treated fairly. Silvia Ferreira asserted that her father is aware of the current Uruguayan situation and of the multiple requests that the Uruguayan Government receives from abroad for his release.

CONGRESS GIVES LUSINCHI INCREASED ECONOMIC POWER

PA211700 Madrid EFE in Spanish 0209 GMT 20 Jun 84

[Excerpt] Caracas, 19 Jun (EFE) --Venezuelan President Jaime Lusinchi was given special power by Congress today to make whatever economic decisions he deems necessary without prior congressional consultation. The power is contained in the so-called "authorization law" approved by Congress by the votes of the ruling "Democratic Action" party. The opposition COPEI party abstained, while the Movement Toward Socialism (MAS) opposed the law.

The law was proposed at the outset of Lusinchi's administration so that prompt attention could be given to the reforms that are necessary to improve the nation's economy.

With this law, the president may enforce the general lines of his economic policy with decrees related to those particular aspects that require more rapid and more effective application. The law includes the reorganization of ministries and the "modification, merger, or elimination" of autonomous institutes or state organizatiosn that sustain losses in their operations.

The president can also decree a 10-percent reduction in the salaries of officials who earn over $1,100 per month, and may order 10-percent budget cuts in ministries and public organizations.

ENERGY MINISTER DISCUSSES OIL SUPPLY, DEMAND

PA211535 Caracas EL UNIVERSAL in Spanish 11 Jun 84 p 1, 12

[Text] Bogota, 10 Jun (VENPRES) -- Venezuela has declared here that it will continue to supply oil to Latin American countries in case the war between Iran and Iraq grows worse and the Strait of Hormuz, through which a third of the world's oil passes, is closed.

This was said by Arturo Hernandez Grisanti, Venezuelan mines and energy minister, at the 10th OLADE directors committee meeting. He said that "there is no reason to worry about oil supply, though oil prices will naturally depend on market trends."

Hernandez Grisanti does not approve of sudden price changes: "What is important for the oil-exporting countries is the medium- and long-term future, not sudden price increases." He said that if the oil-exporting countries increase their prices to take advantage of the delicate situation in the Persian Gulf, they must realize that once that situation is overcome they will have to deal with the fact that oil substitutes will be competing at an advantage, and this will not help the recovery of the world's economy, "particularly among the industrialized countries." He recalled that when sudden price changes took place between 1973 and 1974 and between 1979 and 1981, "the demand for oil was seriously affected, and the price hikes permitted oil substitutes to take over a large portion of the previous oil market."

The Venezuelan mines minister explained that important oil-producing and oil-exporting countries have not reached a general consensus with oil-importing nations on efforts to maintain a stable market and steady prices.

"We don't want to take advantage of the situation and of the unfortunate conditions that some OLADE members are facing," Hernandez Grisanti said.

He said that the primary goal of stable oil prices is to permit a recovery of the industrial economy and to lighten the load that the purchase of oil brings to developing countries.

Hernandez Grisanti explained that Venezuela's income from oil will be approximately 60 billion bolivars, slightly higher than the estimate announced by the oil industry in March "because the market has improved slightly." He said that the market has indeed improved in comparison to last year, particularly for some of Venezuela's more important exports, such as heavy oils. "The increase was quite high during the first quarter," he said.

However, this increase was relative, because the demand is sill low; now, for the first time in 5 years, oil consumption is beginning to pick up, but it has not reached the 1973 level, he indicated. "Consumption began to decline in 1980 and now it is rising to much higher levels than existed in 1983, but demand and consumption are still low overall," Hernandez Grisanti insisted.

He said that OPEC is planning to sell some 18 and 19 million barrels this year, while 5 years ago it was selling 30 million barrels.

Hernandez Grisanti is leaving for Trinidad today to attend a conference of Caribbean oil-producing countries.

BRIEFS

AMAZONAS GOVERNOR'S RESIGNATION -- Interior Affairs Minister Octavio Lepage has stated that Rumeno Armas Salazar, governor of Amazonas State, has resigned for health reasons. Lepage added that they are already looking for Armas Salazar's replacement. [Text] [Caracas Radio Rumbos Network in Spanish 2100 GMT 18 Jun 84 PA]

AMBASSADOR TO ITALY -- The Venezuelan Foreign Ministry has appointed Pedro Elias Rodriguez Carrasquel as the new ambassador to Italy. [Summary] [Caracas EL UNIVERSAL in Spanish 2 Jun 84 p B19 PA]

NEW ARMY APPOINTMENTS -- Division General Luis Felipe Lanz Castellano is to replace Division General Jose Silva Tirado, who retires as general commander of the Army on 29 June, while Division General Andres Medina Torcat will become deputy general commander. [Summary] [Caracas EL NACIONAL in Spanish 6 Jun 84 p D16 PA]

FOREIGN SECRETARIAT DEFINES FOREIGN POLICY, PRINCIPLES

FL21.213 Mexico City NOTIMEX in Spanish 0345 GMT 21 Jun 84

[Text] Mexico City, 20 Jun (NOTIMEX) -- Mexico's presence at the inauguration of Salvadoran President Jose Napoleon Duarte strictly responds to a decision of the four governments of the Contadora Group, the Foreign Secretariat stressed today.

Contadora decided that its presence in El Salvador on 1 June 1984 would help the schemes of dialogue and political negotiation, the Foreign Secretariat added. That presence was not linked or conditioned to other diplomatic processes simultaneously undertaken by the United States and Nicaragua. In terms of political decisions, these are different issues that could not be sheltered under a supposed climate of confusion.

Mexico freely determines its actions in accordance with the unchangeable principles of its foreign policy, without conditions.

The Foreign Secretariat today issued a communique dealing with certain consultations and comments formulated by the media on certain aspects of Mexico's foreign policy toward Central America. In that document the Secretariat reiterated that in the face of worsening tensions in Central America, it is imperative to strengthen diplomatic action seeking political solutions for the unrestricted application of principles and norms of international law.

Mexico's participation in the Contadora Group is based on the conviction that the only way to achieve security and cooperation in the region lies in substituting armed force and violence with negotiations and political understanding as well as respect for the Central American nations' right to determine, without interference or restraint, its political, economic, and social system.

During President Miguel de la Madrid's visit to the United States, the Foreign Secretariat added, matters of common interest were discussed, assigning priority to the bilateral relations; however, the Central American conflict was also discussed by the two presidents. At that opportunity, the importance that Mexico attributes to negotiations between the United States and Nicaragua for an effective pacification in Central America was stressed, the Foreign secretariat asserted.

U.S. Secretary of State George Shultz' recent visit to Managua must be interpreted as part of Mexico's efforts on the need to initiative a dialogue between the Governments of the United States and Nicaragua.

In any case, the Foreign Secretariat added, Mexico lends its cooperation at the specific request of the interested parties and in common agreement with them to contribute to political negotiations in the region, with the strictest observance of the principles of national sovereignty, nonintervention, and self-determination.

Likewise, the presence of a Mexican Government representative at the inauguration of the Salvadoran president must be considered as part of the Contadora's efforts to create a climate of trust and understanding.

In these matters, as well as in all others of a foreign policy nature, the Mexican Government will continue to act with the firm consistency and sense of responsibility required to seek a just and honorable regional peace, and to preserve the sovereignty and interests of our nation.

DURANGO GOVERNOR ON U.S. IMMIGRATION BILL

FL212044 Mexico City NOTIMEX in Spanish 1755 GMT 21 Jun 84

[Text] Durango (Mexico), 21 Jun (NOTIMEX) -- With the approval of the Simpson-Mazzoli Bill, the state of Durango will suffer economically because it will stop receiving more than 40 billion pesos ($217 million) that the 300,000 immigrants to the United States send [to Mexico] each year.

Durango Governor Armando del Castillo Franco, who made that statement, added that in Los Angeles, California, alone, there are more than 250,000 Durango workers who send large amounts of dollars to their families.

He added that the migratory workers with their 40 billion pesos were the second highest currency earning group in the state. Cattle ranchers were first with 44 billion pesos ($239 million), while farmers were third with 23 billion pesos (more than $125 million).

Del Castillo Franco said that in Durango, the economic crisis had not been acutely felt because there is no unemployment. There is a need for workers, which will be fulfilled with the return of the migratory workers following the passage of the Simpson-Mazzoli law.

He also stated that the state was first in gold production and second in silver production in the country, in addition to being a major exporter of cattle to the United States.

CENTRAL BANK REPORTS INDUSTRY GROWTH, PRODUCTION

WA221430 Rome IPS in English 13 Jun 84

[Text] Mexico City, June 3 (IPS) -- Mexican industry grew by 3.8 percent in the first three months of 1984, with nine percent average growth in basic industries and the processed raw materials sector, according to a report today from the Central Bank (Banamex). Banamex said that basic industries grew 11.3 percent and semi-processed goods increased 7.1 percent, compared to the first quarter of 1983. The processed goods sector dropped three percent from last year, however.

In January-February, industrial growth averaged 3.6 percent, with a 2.7 percent increase in manufacturing. The textile and automotive sectors fell almost seven percent in that period, with appliances and electronics dropping more than 35 percent.

Banamex reported that oil production rose 2.1 percent in the first three months of this year compared to 1983. Metal materials (such as steel and sponge iron) increased an average 12.4 percent and metalworking grew 11.6 percent. Those two sectors had fallen 9.7 and 14.4 percent, respectively, in the first quarter of 1983 compared to 1982.

Mexico's automobile industry fell 10.4 percent in January-March, a much smaller decline than in the same period for 1983, when it dropped 43.5 percent.

Banamex attributed the industrial growth to substitution of imports with domestic goods and effective action in the export sector, and to increased sales in the northern border area with the United States. The bank also cited equipment repairs and maintenance and increased farm production, which improved supplies of some raw materials and shored up rural consumers' income.

Public investments increased in some Mexican states and production per worker rose in several sectors, according to the Banamex report. Despite the gains reported, the bank warned that Mexican companies will continue feeling the effects of inflation, which reached 25.8 percent last month, the shrinking domestic market and state price controls.

PEASANT GROUPS DENOUNCE SECTS' INFLUENCE

FL212248 Mexico City NOTIMEX in Spanish 2200 GMT 21 Jun 84

[Excerpt] Mexico City, 21 Jun (NOTIMEX) -- Peasant representatives have reported that about 60,000 Indians living in Sierra Trahumara, in Chihuahua State. are subject to looting, exploitation, experiments, and deception by foreign religious groups and sects.

Also, peasant organizations in Oaxaca State have pointed out that the indigenous population is being led against their customs and traditions by the Summer Institute of Linguistics (ILV), from Canada and the United States, for which the organizations are requesting the ILV's immediate expulsion.

The Independent Peasants Central Organization (CCI), the National Peasant Confederation (CNC), the National Indigenist Institute (INI), and the regional center of the National Institute of Anthropology and History (INAH), together filed a complaint that the ILV is destroying the Mexicanness of the country's indigenous regions.

EL SALVADOR

GUERRILLAS' ACTIVITIES ALONG HIGHWAYS REPORTED

PA210441 San Salvador Radio Cadena YSU in Spanish 1838 GMT 20 Jun 84

[Excerpt] Interurban buses, trailers carrying cotton, trucks, and all kinds of light vehicles were destroyed the last few days on El Salvador's main highways when the drivers defied the FMLN's warning against using the highways. The rebel actions have been felt particularly in the eastern region, part of the central region near the eastern region, and on the highway going north toward Chalatenango.

In addition, fierce clashes continue between the Army and the guerrilla groups. So far there is no official report on casualties, but the rebels today asserted that they haved inflicted 73 casualties on the Army in 5 days. The FMLN's official spokesman, a clandestine station, today announced that the transmission zone [zona de transmision] in Cacahuatique Hill was recovered on Tuesday when the government's troops were evicted from the area, after fierce clashes.

The rebel station reported that in Ciudad Barrios, 153 km from the capital, a guerrilla group attacked members of the Cuscatlan Battalion for several hours and inflicted one dead and six wounded. Meanwhile, a few kilometers from the city, another rebel group came to the town of Chapeltique, harangued the people, and destroyed the communication center.

The acts of sabotage in the central zone took place a few kilometers from San Vicente, which is the headquarters of the 5th Infantry Brigade. According to the commander of this military unit, Colonel Roberto Rodriguez Murcia, the losses resulting from the destruction of three vehicles loaded with cotton and two other trucks are more than half a million colones, some $200,000. This took place in the eastern and western sectors of this departmental capital, the government troops found only the burning vehicles and some frightened drivers when they arrived.

The sabotage of commercial and transportation vehicles on the eastern highways has been equally devastating, according to the official reports from Usulutan. In addition, four vehicles carrying gasoline were destroyed in Usulutan Department, according to official sources. Prior to these attacks, troops of the various military detachments and specialized battalions deployed to the eastern sectors patrolled the Pan-American Highway, the Coastal Highway, and Military Route in order to protect the drivers. This information was revealed by military spokesmen.

Transportation has almost come to a standstill in the eastern sectors, bus drivers have refused to go out since yesterday, because they are afraid their fate will be similar to that of others who dared to go out.

Finally, in northern San Miguel and Morazan, counterinsurgency actions continued, official sources reported the destruction of rebel camps and the eviction of rebel forces.

Bus service to the eastern sector has been irregular since yesterday because of the leftist rebels' threats, according to the information from the eastern bus service's terminal. The rebels have said they would attack any vehicle circulating on the Pan-American Highway. Apparently, the threats were carried out when they blocked traffic on the highway, set fire to two trucks, and punctured the tires of nine other vehicles.

Many people were waiting at the bus terminal, anxious to travel to the towns and cities in San Miguel, Usulutan, and La Union Departments. However, bus service is down to 40 percent. The bus dispatcher, Roberto Orellana, said the following:

[Begin Orellana recording] Regarding the service, the men who drive the buses and who collect the fares said that they have been threatened. The bus owners are afraid to send out their vehicles because they fear there is no security. Those who have dared to send out their vehicles are doing so at their own risk, because they are aware that the people have to travel. All the buses are overloaded with passengers, since the people do not mind being uncomfortable as long as they are able to travel. [end recording]

ARMY COUNTERINSURGENCY OPERATIONS IN CABANAS END

PA212144 San Salvador Radio Cadena YSKL in Spanish 1600 GMT 21 Jun 84

[Text] The counterinsurgency operations launched 10 days ago have ended in Cabanas Department and the areas of Jutiapa, Cinquera, Tejutepeque, and north of Ilobasco where, according to military reports, five camps were destroyed north of Cinquera, and traffic on the road linking Tejutepeque, Jutiapa, and Cinquera has been restored. Restoring traffic on this road allows the residents of the area to have a means of communication and also helps to restore calm.

The military sources have also reported that 15 people kidnapped by the leftist guerrillas were released north of Cinquera and are being treated at the Sensuntepeque Detachment headquarters. These rescue operations carried out by Salvadoran Army troops were within the framework of the operations to restore calm in the troubled areas of Jutiapa, Tejutepeque, and Cinquera.

NEW CAZADORES COUNTERINSURGENCY BATTALION

PA212234 San Salvador EL MUNDO in Spanish 20 Jun 84 p 32

[Excerpt] San Vicente, 20 June -- During a ceremony this morning at the Canas Park in this city, the members of the new Cazadores Battalion, Tehuacan II, of the Army's 5th Infantry Brigade were sworn in. Colonel Roberto Rodriguez Murcia said that the 390 soldiers were trained by U.S. advisers over a period of several months and are specialized in counterinsurgency tactics. The 5th Infantry Brigade commander said that the new battalion will go into active service immediately and that another group of soldiers will be trained by Salvadoran advisers and officers to form another anti-guerrilla combat force.

ARMY USING NEW TACTIC IN OCCUPIED TOWNS

PA212142 San Salvador EL DIARIO DE HOY in Spanish 21 Jun 84 pp 2, 19

[Excerpt] San Miguel -- The Salvadoran Army has begun applying a new tactic. According to military reports the Army is now leaving troops in abandoned towns.

The first contingents of soldiers have been left in six towns in Morazan. Such a tactic could mean that from now on all the towns entered by the Army will continue to be protected. This could be described as a disadvantage for the subversives, accustomed to retaking the towns once the Army has withdrawn. A military man said that this is an "Army counterinsurgency tactic."

CLANDESTINE RADIOS ON MILITARY, SABOTAGE ACTS

Electrical Installations Attacked

PA210445 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0100 GMT 20 Jun 84

[Text] We have more information on the activities of our military campaign. On 13 June our guerrilla columns destroyed a high-voltage tower on the Coastal Highway near Ceiba Gacha canton at km 88. On that same day, 13 June, militia units occupied the El Tablon Canton, Berlin jurisdiction, Usulutan Department. Many young people attended a meeting during which they were invited to join the victorious ranks of our people's army.

Our national campaign continues to advance throughout our rebel territory. Our people's militia continues to sabotage the regime's economy. On 15 June our militia on the Francisco Sanchez Eastern Front destroyed two high-voltage towers in the area between the Cuscatlan bridge and the Mercedes Umana turnoff. With this sabotage, our forces left the entire eastern area without electricity.

On 3 and 6 June our militia destroyed a high-voltage tower near Ciudad Barrios and left propaganda inviting the members of the government forces to join the ranks of our FMLN. Meanwhile, propaganda activities were carried out in (Lempas) and (Chaliman) Cantons, Lolotique jurisdiction, and in [name indistinct] and (Las Yucas), in Ciudad Barrios. On 6 June our units entered the city of San Miguel and put up signs and posters against the imperialist intervention.

On 14 June another sabotage action left the eastern area of the country without electric power. Two high-voltage towers were destroyed between the destroyed Cuscatlan bridge and Mercedes Umana.

Our military campaign also continues to advance victoriously on the various war fronts. On the Paracentral Front our guerrilla units occupied the town of Santa Clara, San Vicente Department. This revolutionary activity was carried out on 11 June, and our units remained in the town for over an hour distributing propaganda.

On the Modesto Ramirez Central Front our forces are also present promoting the current FMLN campaign. On 14 June members of the people's militia destroyed six high-voltage towers on the Northern Trunk Highway near (Yaicumen) Bridge, northern San Salvador Department. This combatant activity of our members of the militia left the areas of Las Flores, Apopa, Guazapa, Aguilares, and the north-central area of the country without electricity.

On 5 and 14 June our guerrillas entered the Atiocoyo neighborhood, La Libertad Department.

In the past few days our forces have carried out intense sabotage and propaganda activities along the Northern Trunk Highway, and our forces have also been present in San Salvador.

Yesterday, 18 June, FMLN urban commands in San Salvador destroyed three telephone line distribution boxes in Miramontes neighborhood, leaving a large sector of the capital city without telephone communications.

Our units throughout the country follow a single order: to sabotage the war economy of the puppet regime supported by the dollars of intervention.

FMLN Actions on Highways

PA212015 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 21 Jun 84

[Text] Continuing the revolution's control of the highways, units from the Rafael Arce Zablah Brigade showed up on the Military Route Wednesday and took control of the area between Quebrada Honda and Pasaquina, near the Canton of El Picacho. A barricade was built on this route while FMLN forces sabotaged three large tractor-trailers whose drivers disobeyed FMLN orders to avoid using the highways. In response, the enemy brought forces from Santa Rosa de Lima, Pasaquina, and El Amatillo. Our forces engaged these units, neutralizing the enemy maneuvers and inflicting several casualities on the enemy troops. Meanwhile, dispatches from the coastal area of Jiquilisco report that clashes took place with 6th Infantry Brigade units on the Coastal Highway near the turnoff to San Francisco Javier at 0800 on 19 June; the FMLN forces inflicted several casualties on the 6th Infantry Brigade troops. This information was supplied by Commander Roberto Jimenez.

Sabotage, Ambush in San Vicente

PA211842 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 21 Jun 84

[Text] At 0600 on Tuesday 20 June, our rebel forces took control of the highway between San Sebastian to Santo Domingo in San Vicente Department. Simultaneously, our forces took control of the Pan-American Highway between San Esteban and El Nance. An hour later, the enemy arrived, and our units inflicted seven casualties on the dictatorship's forces in the ensuing clash. Meanwhile, our rebel forces carried out acts of sabotage on energy installations, cutting high-voltage and telephone lines, thereby isolating the town of San Sebastian. These actions to gain control of the Pan-American Highway and the sabotage of power and telephone lines were carried out by units from the Rafael Aguinada Carranza Battalion and by guerrilla units. This information was submitted by Commanders Ramon Suarez and Commander Camilo from San Vicente. We send our revolutionary salute to them. Additional information from the Anastasio Aquino Paracentral Front has revealed that FMLN forces occupied the town of Santa Clara in San Vicente Department on 18 June. The report said that FMLN guerrilla and militia units carried out intense political activity in Santa Clara, including the distribution of propaganda among the people. As our current military campaign advance, the FMLN is continuing its actions to wear down the dictatorship's troops and to sabotage the oligarchy's war economy.

Another report from San Vicente Department has revealed that FMLN forces ambushed a military convoy from the 5th Infantry Brigade. At 0800 on 19 June, FMLN units surprised one of the puppet Army's military convoys on the highway from San Vicente to Tecoluca, near the Negro bridge, inflicting several casualties on the enemy troops. This was the third ambush on the enemy's military convoys carried out by FMLN guerrilla units in the last few days, within our "Let Us Expand Sabotage and the People's War Against the Dictatorship's Terror in Rural Areas" military campaign.

Attack on Car Lot

PA212022 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 21 Jun 84

[Text] FMLN urban commands continue to be active in San Salvador. Information received today indicates that revolutionary urban commands in San Salvador sabotaged and set fire to several vehicles that were parked in the Didea S.A. used car lot. The resulting damage was estimated at several hundred thousand colones. Didea S.A. is owned by the oligarchic Tona family, supporters of the dictatorship and allies of the imperialists.

By sabotaging this commercial operation run by the oligarchic Tona family, our forces have intensified the "Let Us Expand Sabotage and the People's War Against the Dictatorship's Terror in Rural Areas" military campaign. While the oligarchy's Army destroys the peasants' homes and steals their belongings, our forces strike at the property of the oligarchs and landhoarders, weakening the dictatorship's war economy. The attack on the Didea S.A. used car lot, owned by the Tona family, must have had a serious affect on Planning Minister Chavez Mena, who is the legal representative of the Tona family's oligarchic interests in Duarte's cabinet. We extend greetings from Morazan to our urban commands in San Salvador, who are listening to our guerrilla radio station.

GUATEMALA

MEJIA VICTORES ON ARMY ROLE IN ELECTIONS, FRAUD

PA212303 Guatemala City Radio Television Guatemala in Spanish 0400 GMT 20 Jun 84

[Excerpts] Head of State Oscar Mejia Victores today confirmed that the Army will take part only in security operations and not in the transportation of ballots during the 1 July elections. The head of state stressed that the military institution will in no way intervene directly in the elections. He said:

[Begin Mejia Victores recording] No, not if organizational aspects are properly handled. Policemen can be sent to the various areas, eliminating the need to resort to (?my office.) [end recording]

He described as unjustified the call by certain political parties that the Bar Association and San Carlos University watch over the electoral process.

[Begin Mejia Victores recording] I think they should trust the Supreme Electoral Tribunal because it is [words indistinct]. Besides, they themselves elected it. In addition, this is extemporaneous and not contemplated in the laws. [end recording]

The head of state expressed indifference toward the viewpoints of certain political parties about a reduction in presidential powers in the future.

[Begin recording] [Mejia Victores] The new president will have to decide on this. It is no concern of mine.

[Unidentifed reporter] It is being rumored that a fraud [words indistinct].

[Mejia Victores] [Passage indistinct] However, if you assert something you must be prepared to prove it. There is no evidence to prove that we are not honest, clear, and clean. There is no need to seek the support of any political party or person.

[Reporter] There will be no fraud?

[Mejia Victores] What for? We do not need it! We are not candidates for anything. We are giving the Guatemalan people a great opportunity: to participate in a clean, pure, crystalline institutionalization process. [end recording]

General Mejia Victores rejected a news report from Washington last week, published by the Mexican newspaper EXCELSIOR, which revealed that an electoral fraud was being prepared to ensure the victory of the National Liberation Movement [MLN]-Nationalist Authentic Central [CAN] coalition.

[Begin recording] [Mejia Victores] Ah, yes, this was published in a morning newspaper. I would like to quote a proverb: You can tell a bird by its feathers.

[Reporter] [Question indistinct]

[Mejia Victores] You interpret it and let me know. I believe that [words indistinct]. [end recording]

Lastly, Mejia Victores was asked about the possibility of an electoral fraud on 1 July and a coup d'etat as a consequence.

[Begin recording] [Mejia Victores] I do not know who would stage a coup.

[Reporter] Perhaps the Armed Forces?

[Mejia Victores] Oh, no, you are wrong. The Armed Forces will not stage a coup; you are completely wrong.

[Reporter] Are the Armed Forces consolidated?

[Mejia Victores] Yes, they are consolidated. [Passage indistinct] We will never organize a fraud. We have no need to stage a fraud; I repeat, we have no need to help anyone or any political party. [end recording]

On Assembly's Future Power

PA220406 Guatemala City Cadena de Emisoras Unidas in Spanish 0050 GMT 22 Jun 84

[Text] The Council of Army Commanders, through Head of State Oscar Mejia Victores, today said that it has fixed its stance regarding the current electoral process and warned the future constituent assembly that it will not enjoy more power than that granted to it by the government.

This warning was expressed this morning through a special radio and television network that originated at the presidential palace. All members of the commanders council, including the head of state, the Army staff, and the cabinet members were present.

Regarding the warning, Mejia said that the convocation for the constituent assembly gives it unlimited power to draft a constitution and bylaws only. Mejia said that any other stance likely to be adopted by the assembly might be dangerous. For this reason, he called on the politicians who will participate in the process to keep calm and not exceed the power they will be granted.

It was observed that this warning carries with it a call to those politicians who have maintained that a constituent assembly would elect a provisional president since, once the assembly is elected, it will assume sovereign powers within the current power structure.

Meanwhile, Asisclo Valladares, leader of the Populist Party of Guatemala, has reiterated that the current de facto government will have to disband when the constituent assembly is installed. This stance has not been well received by the other parties, who think that the replacement of the head of state might bring about a new coup, this time against the assembly.

MEJIA ON 'SUBVERSIVES' AMONG REFUGEES IN MEXICO

PA212308 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 20 Jun 84

[Text] Head of State Oscar Mejia Victores today said that the Guatemalan Government is aware that the Guatemalan refugees in Mexico include subversives. He discarded the possibility of a direct dialogue with the refugees.

[Begin recording] [Mejia Victores] What for? If they want to participate in a dialogue with us, they would first have to seek the amnesty and then participate in the dialogue. We have given them the opportunity to seek the amnesty, and we continue to do so. There has been a general amnesty since 8 August 1983, and it is still in effect.

[Reporter] [Question indistinct]

[Mejia Victores] Unfortunately, they have sought asylum under that government, and we have to respect the other country's sovereignty.

[Reporter] Do you say that there are subversives among the refugees?

[Mejia Victores] I insist that this is true because I believe it is a fact.

[Reporter] Is there evidence to (?confirm this)?

[Mejia Victores] I am quite sure about that. If not, why [words indistinct]. [end recording]

PSD ASSERTS ELECTIONS WILL BE 'RESTRICTED'

PA212312 Guatemala City EL GRAFICO in Spanish 20 Jun 84 p 8

[Text] The national directorate of the Democratic Socialist Party, PSD, has issued a statement saying that the Guatemalan Government is not respecting the Contadora Group's objectives and that the elections for constituent assembly members -- next 1 July -- will be restricted.

The PSD says that Guatemalan support for Contadora has been limited to supporting certain measures which seek to reduce the tensions existing between certain Central American countries. It has forgotten about another basic objective of the Contadora Group, to attain a reduction of tension within countries, particularly Guatemala.

"The Contadora Group's objectives include the realization of pluralistic elections, with guarantees for all the opposition sectors, as well as respect for human rights...However, these objectives are not being respected by the government, as proved by the restricted elections that will take place on 1 July. Threats, kidnappings, missing persons, and murders are still being perpetrated with impunity against members of the people's most representative sectors," the PSD directorate says.

The political communique concludes by asserting that "the government does not want to admit that the only way to end our isolation in a complete and durable way is through real democratization, with effective respect for citizens' rights in our homeland."

HONDURAS

ARMY-SANDINISTS CLASH REPORTED; PAZ SENDS PROTEST

PA212355 Panama City ACAN in Spanish 2306 GMT 21 Jun 84

[By Juan Antonio de Lucas]

[Text] Tegucigalpa, 21 Jun (ACAN-EFE) -- The Honduran Foreign Secretariat today reported that three Sandinist soldiers were killed in Honduran territory after 6 hours of fierce clashes with Honduran Army forces. Two other Sandinist soldiers were captured by the Honduran troops in the most grave incident between the two Central American countries since a Honduran helicopter was shot down last 3 May. According to the official Honduran sources, the clash took place on 19 June in the southwestern region of Honduras, in the border sector of Duyusupo, Choluteca Department.

According to the Honduran Foreign Secretariat, "a contingent of the Sandinist People's Army entered 3 km into Honduran territory through this sector, with the intention of attacking the local military post." The communique adds: "An 11th Infantry Battalion patrol intercepted the Sandinist expedition, and a clash ensued, lasting from 1000 to (?1600). As a result, there Sandinist soldiers died in Honduran territory." The Honduran forces, which apparently suffered no casualties, also captured soldier Marvin Pinel Barquero, member of the Sandinist Border Guard Troops, and Basilio Casco Vallejo, member of the Sandinist People's Militias, the Honduran communique added.

The Honduran Government also denounced that on the same day, during the afternoon hours, "approximately 100 members of the Sandinist People's Army entered Honduran territory in the same department, Choluteca." The information did not say if the raid resulted in new clashes.

The exact point through which the Sandinists' penetrated into Honduran territory was located in the Municipality of Concepcion de Maria, 45 km south of the place where the clash ensued, resulting in the deaths of three Nicaraguans. The clash took place quite near the border post of El Espino, the place through which the Pan-American Highway unites the two countries. In fact, it is practically the only place that unites Honduras and Nicaragua by land.

Honduran Foreign Secretary Edgardo Paz Barnica today sent a protest note to Nicaraguan Foreign Minister Miguel D'Escoto, "presenting the Honduran Government's strongest protest." The note added: "If these new acts of aggression by the Nicaraguan Government ever take place again, they will be rejected through the exercise of our legitimate right to defend ourselves."

Paz Barnica added that "the Honduran Government is willing to immediately return the corpses and prisoners, despite the criminal and provocative nature of these events."

ACAN-EFE was able to learn, from unofficial sources close to the government, that "the Sandinist soldiers did penetrate Honduran territory as they were pursuing a group of Nicaraguan rebels who were fleeing and coming to seek refuge in our country." Spokesmen for the Nicaraguan Democratic Force, an anti-Sandinist organization, in this capital denied this information and asserted that their forces have never sought refuge in Honduran territory. Nevertheless, the unofficial sources insisted that the facts are true and added that "two anti-Sandinist rebels also died in the clashes."

BRAZIL, CHILE, ISRAEL SENDING MILITARY ADVISERS

PA212033 Panama City ACAN in Spanish 1925 GMT 21 Jun 84

[By Juan Antonio de Lucas]

[Text] Tegucigalpa, 21 Jun (ACAN-EFE) -- The last two Argentine advisers have left Honduras to make way for new military advisers from Brazil, Chile, and Israel, who have come here with U.S. support. Reliable diplomatic sources told this agency today that "Argentina has completely withdrawn from Honduras militarily, at both the official and private levels." According to the source, "The last military adviser rendering service in Honduras returned to Buenos Aires via Panama 2 days ago." The diplomatic source added that "one of the principal reasons for this withdrawal is the CIA's hostility toward and distrust of Argentines because of issues such as the Malvinas."

While General Gustavo Alvarez served as chief of the Honduran Armed Forces (January 82-March 84), the Argentine advisers held leading positions within the Honduran Army and collaborated with the anti-Sandinist Nicaraguan Democratic Force (FDN). Gen Alvarez, who received his military training in Buenos Aires, was removed from his post on 30 March 1984 in an internal Army coup promoted by General Walter Lopez Reyes, the current Honduran military commander.

According to the diplomat, "as of last month only four Argentines remained, two at the official level with the Honduran Army, and two others hired as mercenaries by the CIA to train anti-Sandinists in an FDN camp in southwestern Honduras, near the Nicaraguan border." The source added that the political change wrought in Argentina, which went from a military regime to a parliamentary democracy, has also influenced the withdrawal of Argentine advisers from Honduras.

"Another contributing element," the source went on, "was Honduras' purchase of eight Tucano planes made in Brazil, which were preferred over the Pucara planes offered by Argentina." Honduras' purchase of the Tucano military planes also marked the beginning of the Brazilian presence in Honduras which, with U.S. support, did away with the Argentine advisers' hegemony. Honduran military sources told ACAN-EFE today that "four Brazilian advisers are already in our country to instruct the Honduran pilots on the Tucano planes." Although the Honduran Army has insisted that the Tucano would be used as a training plane, this aircraft can carry 3 tons of bombs, rockets, and missiles.

ACAN-EFE has unofficially learned that the United States is negotiating the arrival of 12 Chilean military advisers in Honduras shortly. Their purpose is to make the presence of U.S. advisers here less evident.

The Israeli military presence, which will also be reinforced in the next few months, dates back 10 years, and is most noticeable in the areas of military strategy, security, and antiterrorist and counterguerrilla fighting.

The problem posed by the presence of these foreign advisers in Central America is one of the major causes of friction between Honduras and Nicaragua and one of the obstacles to the regional peace plan promoted by the Contadora Group countries (Mexico, Venezuela, Colombia, and Panama).

NICARAGUA

FOREIGN MINISTRY DENIES HONDURAN CHARGES ON CLASH

PA220346 Managua Domestic Service in Spanish 0300 GMT 22 Jun 84

[Foreign Ministry communique issued in Managua on 21 June; read by Foreign Ministry Information Director Luis Cabrera]

[Text] The Nicaraguan Foreign Ministry reports that since Monday, 18 June, a series of attacks have been launched against Nicaraguan border towns and posts by mercenary forces from Honduras. The attacks have been in the areas of San Pedro de Potrero Grande, San Francisco del Norte, and Cinco Pinos.

On the morning of 19 June a mercenary force comprised of some 60 men attacked the town of Araditos, 5 km northwest of Cinco Pinos. Heavy fighting was reported. As a result of the fighting, five mercenaries were killed and Bernardo Aparicio Gonzalez, Rene Espinales, Jose Aurelio Davila Solis, Marvin Pinel Barquero, and Basilio Casco Vallejo, members of our Army, have been reported missing. Additional patrols were immediately deployed to comb the area in search of the missing companeros. Information received indicates that some of these men could have been kidnapped by the mercenary groups and taken into Honduran territory.

Today, with great surprise, we received a note from the Honduran Foreign Secretariat informing the Nicaraguan Foreign Ministry that the Honduran Government has the five missing men and that three of them are dead. According to the Honduran Foreign Secretariat this was the outcome of a clash between Nicaraguan and Honduran troops.

Regarding the Honduran Foreign Secretariat's statement, the Nicaraguan Government strongly denies a clash with Honduran troops or an attempt to attack Honduran military positions.

The distortion of the facts by the Honduran Government is cause for serious concern for the Nicaraguan Government because, aside from launching false charges against our country, it seems to cover up a preparation of attacks against Honduran installations which could be aimed at preparing the conditions for an action which, blamed on Nicaragua, could lead to a conflict between the two countries.

The Nicaraguan Government is sending a note to the Honduran Government demanding the immediate return of the Nicaraguan soldiers being held and the bodies of the dead soldiers as well as a clarification of the false charges against Nicaragua.

SOVIET AMBASSADOR COMMENTS ON ORTEGA VISIT, TIES

PA212359 Managua Radio Sandino in Spanish 1830 GMT 21 Jun 84

[Text] The "Sandinist Drumbeat" newscast interviewed Soviet Ambassador German Shlyapnikov on the visit by Daniel Ortega, commander of the revolution and coordinator of the Junta of the Government of National Reconstruction, to the USSR:

[Begin Shlyapnikov recording] This visit will serve to promote our bilateral and very friendly relations. The visit is important for the future of our relations, and it will strengthen USSR solidarity with Nicaragua in its struggle against the imperialist aggressive policy. It is also important because it will help develop our relations harmoniously, and it will also help to establish a solid foundation for friendship and cooperation between our countries.

The meetings at the highest level confirm both countries' interest in continuing cooperation on matters of mutual interest. It also demonstrates the truly friendly relations between our peoples and governments.

The visit took place at a difficult moment for Nicaragua. The Soviet people are aware of the danger that the Reagan administration's aggressive policy represents for Nicaragua. For this reason, the expressions of solidarity and friendship offered by the Soviet people to the Nicaraguan people at this difficult moment are significant factors in assuring our disposition to continue cooperating with Nicaragua and to support its efforts to defend its sovereign right to choose its way of life, to build a society according to the Nicaraguan people's interests. [end recording]

REPORTAGE ON BAYORDO ARCE'S WEST EUROPEAN TOUR

For Managua and West European source reportage on the visits to the FRG, Sweden, Finland, and Spain by Bayardo Arce, commander of the revolution and coordinator of the FSLN Political Committee, including his meetings with Socialist International President Willy Brandt, Swedish Prime Minister Olof Palme, and French Prime Minister Pierre Mauroy, as well as his interview with Paris LE MONDE, see the 18 June Western Europe DAILY REPORT and subsequent issues.

ATTEMPT TO ESTABLISH 'INTERNAL FRONT' DISCUSSED

PA211820 Managua Domestic Service in Spanish 1619 GMT 20 Jun 84

[State Security Chief Lenin Cerna press conference to present "counterrevolutionaries" captured during attempt to establish "internal front"; held at the Cesar Augusto Silva Convention Center in Managua — live]

[Excerpts] [Cerna] After these leaders who tried unsuccessfully to organize an internal front make their statements, we will show you a video about the direct participation in these counterrevolutionary plans of Father Luis Amado Pena, of the Bello Horizonte Church in Managua, and of other elements who were directly conspiring with Pedro Hernan Espinoza Sanchez, El Pez. Espinoza Sanchez was chosen by the Somozist guardsmen who are settled in Honduras to organize the internal Nicaraguan Democratic Force [FDN] front.

[Espinoza Sanchez] My name is Hernan Espinoza. I am known as El Pez. Until a few days ago I held the rank of commander of the internal FDN front. I began to work for this organization in 1981, through contacts with a woman called Clemencia Araica, wife of a former member of the National Guard, and the Vargas family, which had been closely connected with Somozism.

I began engaging in recruitment work, taking advantage of my position as the person in charge of a sugarcane enterprise here in Nicaragua. I was asked to contact individuals who were formerly connected with the National Guard, such as judges, former guardsmen who were free, their relatives, people with resentments, and other such individuals. I pursued this work for several months. In this connection, I used to receive (?sealed) documents from Honduras through this woman. A few days later I lost this contact, and I went to live in Matagalpa, where I also ran a coffee plantation.

I moved in with the Cruz family in (Pueblo Viejo), Matagalpa. There we began to organize our center of operations. A few weeks later I left with some 14 armed men and we seized some weapons at a militia command located in the hospital in Aranjuez, Matagalpa.

I went back to (Pueblo Viejo) and once there we plotted to take over another militia command, this one located in the area of Los Limones, a village in the jurisdiction of San Dionisio, in Matagalpa. We seized those weapons as well, but the Sandinist Army had initiated an operation (?in that area), which forced me to go deeper into the mountains with the elements who already comprised the small group under my command. Most of the men in my group were peasants, but among the most important were seven labor leaders from the Central Organization of Nicaraguan Workers [CTN]. All of them hailed from (Las Mojarras), in Leon. They had been put in touch with me by a nephew of Eden Pastora, [words indistinct] who was in my ranks.

At one point, I was in a difficult situation: (?We had little) money and we were at a place where we had practically no support. This is why I decided to use a contact in Boaco, a Mrs Aleman, whom I sent to Costa Rica to contact our people again. After a few weeks, the lady came back with some money and instructions for me to travel to Costa Rica. I decided to across the border secretly through Penas Blancas. A few days later I met in Costa Rica with Rufo Moreno, whom we knew as El Alacran. Once there I realized that Jose Francisco Cardenal, whom we knew as El Chicano, and whom I had come to know as the chief of the FDN, had ceased to serve as such several months earlier, (?when) the FDN (?kept him from stealing) several million dollars of the money that the Americans (?had sent us) for our actions. For this reason he had been expelled. (?He) explained the whole situation to me and, along with Mariano Mendoza, another member of the FDN political directorate -- he is very well known here in Nicaragua because he was the legal adviser for the Confederation for Trade Union Unity [CUS] -- we discussed the idea of organizing an internal front again, somewhat dissociated now from the FDN. We met in the Cariari Hotel, in San Jose, Costa Rica. We stayed there for about 3 days, preparing the plans (?under which we would) work.

There I met other elements, friends of (Quijano) Cardenal: Miss Miriam Arguello, president of the Conservative Party; a Mr Rappaccioli; the two Montalvan brothers, Wilfredo and Oscar Leonardo; journalist Manuel Giron and his wife; and others whom I do not recall now. Chicano used to meet with them behind closed doors. I also had the chance to meet them, though, because after the last meeting we had lunch together.

Chicano later told me about the results of their meetings, saying that we could positively count on the support of the Democratic Conservative Party to carry out the internal front's work.

A few weeks later I returned to Nicaragua, again using a clandestine route. After a few weeks here, living in a house located on the road to Masaya, I contacted a man in Boaco named Denis Miranda, whom I had met in Costa Rica. Together we began organizing what we would later call the departmental general staffs' of the internal front.

A few months later, however, I received a letter from Chicano saying that the gringos no longer wanted to support him, and were instead proposing the idea of total unity with the FDN. That meant that there was no longer any money for the internal front. I met with six men here and we decided to ask the FDN for its support, counting on the fact that I had once been an FDN member.

I then went to Honduras where I contacted the chief of the FDN general staff, former National Guard Major Emilio Echaverri, who is known as Commander Fierro. I also met the FDN second in command or G-2, former National Guard Captain Edgar Hernandez, who is known as Abel. I explained my work to them and told them about the people working for me. They fully endorsed my plan and once again the idea of organizing an internal front -- this time sponsored nationwide by the FDN -- emerged. To this end, I was put in charge of the entire country.

I was also instructed to contact other cells that the FDN already had here, and I was given their names and addresses. I visited Carlos Acevedo, a man connected with National Confederation of Professional Associations [CONAPRO] here in Managua and through him I established other contacts in Masaya, where Humberto Urbina Chavarria, who was working closely with the church, lived. Most of his work involved the Catholic Church.

Urbina reportedly had gained experience through the incidents that took place in the Salesian School, as he, Father Jose Maria Pacheco, and another priest named Amado Pena had taken part in their planning. So we began to work. I had brought 300,000 cordobas, which had been given to me by the chief there [presumably in Honduras]. Carlos Acevedo, Urbina, and I organized the internal front's general staff, which would later become the internal front's national directorate.

Around this time I again began contacting the CTN people. Through Acevedo I got in touch with two national-level activists of that organization. With a man named Numa Calderon, who hailed from Leon, and anotner man named Benito Gomez, whom I met here in Managua, we began coordinating our activities. They in turn put me in touch with other elements and together we began trying to develop the plan that the FDN had assigned to me. Among other things, I had been instructed to establish a close relationship with the church through the internal front. The idea was to recruit as many priests as possible in order to use the churches as meeting places and safehouses where we could hide weapons [words indistinct].

Finally, we planned to hold a meeting with these priests I mentioned. After outlining our program to them, I succeeded in meeting with Father Amado Pena and with Father Pacheco on a farm at km 24 on the road to Masaya, where we established a unity in struggle between the FDN and the Catholic Church. They promised to carry out propaganda work, taking advantage of church gatherings, and any other type of activity involving resistance against the Sandinist government [words indistinct] this was called passive resistance, which would later become active resistance -- armed struggle.

During another trip to Honduras, I was directly instructed by the FDN strategic command -- this is a group of advisers, some of them Argentine, but mostly Americans, who gave us our military instructions and taught us the techniques needed to use the modern equipment -- to carry out sabotage activities here in Nicaragua, especially against the country's economy. The major targets would be factories and the like. The purpose of this was to create a shortage of products and to incite the people against the government.

[Unidentified moderator] We will now have a brief question and answer period.

[Morales] Arqueles Morales, BARRICADA. I would like you to expand on the specific instructions given you. According to the FDN gentlemen in Honduras, what were to be the objectives of your economic sabotage activities, attacks, etc.? What were the specific objectives to be? You have spoken only in very general terms.

[Espinoza Sanchez] Please repeat your question, I did not understand it.

[Morales] What were to be the specific objectives of the acts of sabotage and attacks that the advisers in Honduras wanted you to carry out?

[Espinoza Sanchez] During our meetings, I would meet with Mr Simpson, one of the advisers -- there were 30 or more Americans in all -- on the internal front's activities, and we would discuss the things I mentioned earlier: the destruction of factories; the burning of buses; the damaging of social projects, electrical plants, telephone exchanges, etc. These activities were intended to annoy the people.

[Unidentified reporter] Two questions, please. First, you have mentioned that you were instructed to carry out several acts of sabotage. Could you tell us whether you participated in any action that resulted in damage, whether you or your group actually planted any bombs that exploded? Were these merely instructions, or did you actually carry out any of these actions? Second, I would like to ask you about the involvement of U.S. advisers. You have just said that you had a relationship with Americans in Honduras. Perhaps you could expand on this -- the number of times you met with them and what subjects you discussed with them? These are my two questtions.

[Espinoza Sanchez] As for carrying out sabotage actions, as I have said here, when I served as commander of the internal front we only managed to establish certain training schools for elements who would later use the equipment we had. In other words, no operation was carried out in Managua. As for naming the advisers, logically, my level was not high enough for me to get to know these gentlemen personally. I only knew some of them from seeing them; others I knew by name.

[Cerna] We would like to ask the companeros from the television stations to turn off the lights so that we can watch this video. The following scenes are of the delivery of weapons explosives to Father Amado Pena by counterrevolutionary Pedro Hernan Espinoza Sanchez, El Pez, military chief of the FDN internal front.

As you may have observed, the video we have just shown demonstrates the counterrevolutionary activities of Espinoza Sanchez; it permitted the security directorate to establish the truth about his activities. In accordance with instructions received from our superior directorate, it is always our policy to carefully document the truth about these counterrevolutionary elements' words and actions. As for their ties with the religious sector, what the security directorate has been able to establish is their connection with Father Amado Pena.

For operational reasons that we cannot violate, we cannot tell you up to what level we have tried to confirm what this individual was telling his bosses in Honduras and what he was really doing here. We also want to tell you that the situation of Father Amado Pena was reported today, prior to this news conference, to Bishop Pablo Vega and the apostolic nuncio. By instructions of Interior Minister Commander Tomas Borge, and heeding our people's Catholic fervor, he ordered that Father Pena not be detained, but asked of Bishop Vega and the apostolic nuncio in a meeting held this morning that Pena remain at the nunciature. In any event, the Interior Ministry will issue a communique providing all pertinent details through the appropriate office.

It is important to note that despite the Machiavellian nature of their plan, which sought to implicate religious elements from both the Protestant and Catholic Churches the whole thing did not go beyond an individual action by Father Amado Pena.

Finally, we should no longer even present these things, because the problem is that we have been doing so since 1981. We are talking about the same TNT, etc; because these are the things that comprise CIA logistics. I think that the next time we should bring new elements, like the reported Israelis who are being introduced now through the northern part of our country. That is a new element.

PRIEST ACCUSED AT NEWS CONFERENCE DENIES CHARGES

PA212200 Panama City ACAN in Spanish 0057 GMT 21 Jun 84

[Text] Luis Amado Pena, the Catholic priest accused by the Sandinists of participating in a plot against the government, today declared that he is "the victim of a publicity ploy." The parish priest, who serves in two Managua churches, points out in a declaration to newsmen that the "publicity ploy is in line with the harassement campaigns carried out against the Catholic Church and the faith of Nicaraguans."

At noon today State Security authorities presented two films. In one of these films, the priest is meeting with a person who, according to the authorities, is an anti-Sandinist leader. The priest appears to be receiving arms that were to be used in sabotage activities in Nicaragua.

The priest, speaking before Msgr Miguel Obando y Bravo, archbishop of Managua, made the following statement: "I have never consciously possessed or received arms, and I have never consciously delivered arms to anyone since this would go against my priestly principles." Father Pena denied knowing Pedro Hernan Espinoza Sanchez, the counterrevolutionary chieftain who when presented to the news media said he was the person responsible for the organization of an internal front of the Nicaraguan Democratic Forces (FDN).

The priest added: "I want to state that as a priest and as a Nicaraguan, I forgive those who have participated in this plot, and if God wishes I will continue working as a priest as usual." "I want to add that I am making this statement consciously and of my own free will, in full control of my mental faculties and without coercion." He added: "If in the future, for any reason, I appear saying something contrary to what I am saying here, I declare now that it must not be believed, since it is in this document that I am being loyal to God and my conscience."

Meanwhile, Interior Minister Commander Tomas Borge has asked Catholic Church officials to keep Father Pena, who is not under arrest, in the nunciature building in Managua.

The Catholic Church officials who met this afternoon with Father Pena and the secretary of the nunciature have decided that Father Pena will remain at the head of the Espiritu Santo and Pio X parishes.

Msgr Ovando y Bravo said that he is sure that Father Pena "is innocent, and therefore I absolve him."

Archbishop on Charges

PA211825 Panama City ACAN in Spanish 1358 GMT 21 Jun 84

[By Filadelfo Martinez]

[Text] Managua, 21 Jun (ACAN-EFE) -- Archbishop of Managua Msgr Miguel Obando y Bravo has described the charges linking a Catholic priest to an anti-Sandinist plot as "a dreadful scheme against the church." Responding to reporters' queries concerning the case of Father Luis Amado Pena, the vice president of the Episcopal Conference said: "We find ourselves in a situation where the end justifies the means, where anything is possible."

Father Pena has been accused by the state security authorities of being involved in a conspiracy to organize a nationwide anti-Sandinist "internal front."

At a news conference held at Managua's Cesar Augusto Silva Convention Center yesterday, the authorities presented the "counterrevolutionary" leader, Pedro Espinoza Martinez, who named Father Pena as one of the persons involved in the organization of the "internal front." The state security officials played two videotapes showing Espinoza Martinez and Father Pena together somewhere in the outskirts of Managua, according to military sources, talking about the conspiracy plans.

According to the archbishop of Managua, however, those who accuse Father Pena, priest at the Espiritu Santo and Pio X parishes in this capital, "are the same who in the past accused a bishop of smuggling arms into the country." Msgr Obando y Bravo recalled that the charges, which "turned out to be false," were made against Msgr Pablo Antonio Vega, current president of the Episcopal Conference. The religious leader explained that those who accuse Father Pena are the same who charged that Bishop of Bluefields Msgr Salvador Schlaeffer "was seized by force and later killed by elements opposed to Sandinism." "This claim also turned out to be false," he added. "Father Pena stands accused by the same system that allows groups to harass the church and harries Msgr Bosco Vivas of the Santa Rosa parish in Managua," Msgr Obando added. The archbishop insisted that those who accuse Father Pena are the same ones who forced the exile of three priests from Masaya — two from the Atlantic coast, and one from the Chontales Department.

"We believe in Father Pena's innocence and we hold those involved in this plot responsible for Father Pena's safety," Msgr Obando y Bravo emphasized. Referring to the request from the Interior Ministry that the accused priest remain at the nunciature in Managua, Obando y Bravo said: "Father Pena is considered innocent; therefore, there is no reason for him to go anywhere."

ARDE WAR BULLETIN ON FIGHTING IN RIVAS DEVELOPMENT

PA210419 (Clandestine) Voice of Sandino in Spanish to Nicaragua 2300 GMT 19 Jun 84

[Gaspar Garcia Laviana Column war bulletin released by the General Command of the Democratic Revolutionary Alliance, ARDE, "to the Nicaraguan people and friendly peoples of the world," in Sarapiqui on 19 June]

[Text] 1. In its task of seeking and attacking positions of the Army that intervenes in our sovereignty, the Gaspar Garcia Laviana Column, from the domestic southeastern front operating in Rivas Department, inflicted 98 casualties on the enemy during the month of May.

2. The actions accomplished by this column of the Felix Pedro Martinez group occurred in (Kapua), La Pimienta, Niagara Hill, and near San Juan del Sur, Rivas Department.

3. The companeros who led this heroic column are: Companeros (Adolfo), (Swan), (Flintstone), (Long), and (Fat), all of whom were directed by our Commander Eden Pastora, ARDE general commander. We lost no men during the clashes in May.

4. The Sandino Revolutionary Front combatants from this column took four Sandinist People's Army [EPS] members prisoners of war near San Juan del Sur. Their names are: Romualdo Villalta Elizondo, Carlos Alberto Rivera Jimenez, Jose Ramon Bermudez Berrio, and Mario Jose Salazar Nicoya. In addition, two RPK and two AK-47 rifles were seized by our men.

5. Given our guerrilla warfare strategy, fighters from this column have succeeded when confronted with the Cuban-Soviet EPS that flees demoralized whenever our heroic combatants ambush them. Forward, peasant brothers. Forward, because victory is ours. Without totalitarianism or return to the past.

[Signed] Commander Eden Pastora Gomez, ARDE armed forces general commander

ARDE: OPERATIONS UNAFFECTED BY PASTORA'S ABSENCE

PA211554 (Clandestine) Voice of Sandino in Spanish to Nicaragua 2300 GMT 19 Jun 84

[Excerpts] Democratic Revolutionary Alliance [ARDE] has its military echelons very well structured. The fact that ARDE Commander in Chief Eden Pastora is not in our territory directing the military operations that our army, the defender of the national sovereignty, is currently carrying out against the interventionist enemy does not mean that a power vacuum or disorientation are affecting our military ranks, for Commander Pastora's structuring of our armed forces permits them to function and operate whenever he is out of the country on political tours of various European and Latin American countries.

At present, Commander Ramon is leading our army. He has been Pastora's companion since 1958 and is a first-class revolutionary, and, like Pastora, has suffered abuse, imprisonment, torture, and banishment.

The 6,500 square km over which our forces exercise firm control have been divided into nine zones, each with a commander in charge who, in turn, has a second in command. This provides our armed forces with excellent organization, well defined from the highest to the lowest command position.

While all of the zones operate under general command instruction, each can operate alone or in combination with other zones to attack or defend strategic positions.

Most important, from the moment that Pastora suffered a criminal terrorist attack, revolutionary zeal has taken hold of every leader and fighter. All of us are committed to the fighting spirit with which our commander has imbued our movement. We all have the patriotic and nationalist ardor for which Augusto Cesar Sandino, general of free men, gave his life and his blood.

ARDE COMMANDERS EXPRESS LOYALTY TO PASTORA

PA212314 San Jose Radio Reloj in Spanish 1200 GMT 21 Jun 84

[Text] The various commanders of the Democratic Revolutionary Alliance, ARDE, who are fighting for Nicaraguan liberation, have ratified their subordination and obedience to the political and military guidance of Eden Pastora. Commanders (Tadeo), (Tito), and (Adrian), and Miskito, Sumu, and Rama Sandinist Unity [MISURASATA] Commander (Ulac), have said that this guidance is trusted by the fighters fully identified with the cause of military leader Pastora.

Meanwhile, the commanders said that they have achieved the ideological level and Sandinist firmness needed to resist and defeat positions foreign to the Nicaraguan people's interests.

FDN REPORTS CONTACT WITH ARDE INSIDE COUNTRY

PA211625 Panama City ACAN in Spanish 0000 GMT 21 Jun 84

[Text] San Jose, 20 Jun (ACAN-EFE) -- The Nicaraguan Democratic Force (FDN) announced here that its forces have made contact inside Nicaragua with the rebel forces belonging to the Democratic Revolutionary Alliance (ARDE).

Oscar Leonardo Montalva, "FDN" spokesmen in Costa Rica, delivered a communique to the press in which Adolfo Calero Portocarrero, foremost leader of the anti-Sandinist group, confirmed that elements from the two opposition movements have met.

"The FDN spearhead that is moving in the direction of Rio San Juan has contacted some ARDE groups that are operating north of the Costa Rican border," the political-military leader said.

In the communique, Calero notes that "I have personally instructed my men to give complete cooperation and assistance to the ARDE fighters who are engaged in resistance and harassment actions in Zelaya Sur and Rio San Juan Department."

"The ARDE guerrillas are our brothers and comrades in arms and in our determination to overthrow the Marxist regime in Managua," Calero stressed.

The "FDN" communique claims that the counter offensive recently initiated by the Sandinist People's Army (EPS) with air and long-range artillery support has been repelled by the FDN forces.

YAKOV RYABOV, RODRIGUEZ LLOMPART MEET IN MOSCOW

FL211332 Havana Television Service in Spanish 1102 GMT 21 Jun 84

[Text] Moscow -- Yakov Ryabov, chairman of the USSR State Committee for Foreign Economic Relations, has met in this capital with Hector Rodriguez Llompart. The two officials discussed matters related to technical and economic cooperation between the two nations.

C.R. RODRIGUEZ RETURNS FROM MOSCOW MEETINGS

FL212328 Havana Domestic Service in Spanish 2300 GMT 21 Jun 84

[Text] Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers of Cuba, has returned to Havana from Moscow. Carlos Rafael Rodriguez attended the CEMA economic conference and the 24th session of the Cuban-Soviet Commission for Economic and Scientific-Technical Cooperation.

VENEZUELA RENEWS ACCORD ON HIJACKINGS

PA210450 Paris AFP in Spanish 1717 GMT 20 Jun 84

[Text] Havana, 20 Jun (AFP) -- It was officially reported here today that Cuba and Venezuela agreed, through an exchange of notes, to extend for 5 more years an agreement on the hijacking of planes and ships which was signed on 6 July 1973 and renewed in 1979.

The exchange of notes took place at the Cuban Foreign Ministry in the presence of Romulo Nucete, the Venezuelan charge d'affaires in Havana, and Cuban Foreign Minister Isidoro Malmierca.

According to the agreement, in the event of a hijacking the two countries promise to hold the culprit "for as long as necessary to allow delivery to the other party or to begin the corresponding penal procedure (Art 2)."

However, the agreement notes that "purely political reasons ...for not delivering or trying the culprit can be taken into consideration unless there was economic extortion or harm to the crew, passengers, or other persons. (Art 6)."

CAPE VERDE PRIME MINISTER TO 'ARRIVE SHORTLY'

FL211313 Havana Domestic Service in Spanish 1000 GMT 21 Jun 84

[Text] Pedro Pires, assistant secretary general of the African Party for the Independence of Cape Verde and prime minister of that Republic, will arrive in our country shortly on a friendly and working visit in response to an invitation extended by Commander in Chief Fidel Castro, first secretary of Cuba's Communist Party Central Committee and president of the Councils of State and Ministers.

The delegation headed by Cape Verde's prime minister will remain in Cuba several days.

ICAP PRESIDENT RECEIVES PORTUGUESE AMBASSADOR

FL211642 Havana Domestic Service in Spanish 1600 GMT 21 Jun 84

[Text] Rene Rodriguez Cruz, member of the party Central Committee and president of the ICAP [Cuban Institute of Friendship With Peoples]; received Portuguese Ambassador to Cuba Constantino Riberio Vaz at ICAP headquarters. The interview was held in a cordial, friendly atmosphere, and the two officials discussed matters related to the strengthening of friendly relations between the Cuban and Portuguese peoples.

SPANISH SAVINGS BANKS SIGN COOPERATION AGREEMENT

FL211729 Havana Domestic Service in Spanish 1700 GMT 21 Jun 84

[Excerpt] The Spanish Confederation of Savings Banks and the Cuban People's Savings Bank have signed a cooperation agreement in our capital. Signing for the Spanish side was Lic (Jose Joaquin Sanchos Draunda), who is also president of the International Savings Banks Institute, and for the Cuban side Oscar Alcalde, vice president of the Cuban National Bank and president of the country's new banking institution.

MONTANE MEETS WITH SWAPO CHIEF SAM NUJOMA

FL220107 Havana Television Service in Spanish 0000 GMT 22 Jun 84

[Text] Jesus Montane Oropesa, alternate member of the Politburo and chief of the General Department of Foreign Relations of the Central Committee, today received Sam Nujoma, president of the South-West African People's Organization, SWAPO. The meeting took place in a warm and fraternal atmosphere and during its course, Montane informed the Namibian leader about the efforts of our people, party, and government in the tasks of production and defense. Nujoma, provided extensive information on the current situation in southern Africa and on the progress of the heroic struggle of the people of Namibia to win their independence and to put an end to the disgraceful regime of apartheid, imposed by the South African occupiers.

U.S. SAID 'MEDDLING' IN COSTA RICAN AFFAIRS

FL211323 Havana Domestic Service in Spanish 1045 GMT 21 Jun 84

[Text] U.S. Ambassador to Costa Rica Curtin Winsor has threatened to stop U.S. financial aid to that Central American country if a greater participation of U.S. private capital and banking institutions in the national economy is not permitted. A group of deputies of Costa Rica's legislative assembly has scored the arrogant statements made by the Yankee proconsul, and termed them a brutal meddling in the country's internal affairs.

DOMINICAN GOVERNMENT 'PERSECUTING' LEADERS

FL212339 Havana Domestic Service in Spanish 2300 GMT 21 Jun 84

[Text] The persecution of leaders in the Dominican Republic has extended to peasant areas. Local social circles believe that the formal validity of public liberties is in danger. The apparent purpose of the government of President Salvador Jorge Blanco is to intimidate the population in order to declare new increases in fuel prices.

SALVADORAN GUERRILLAS ATTACK AUTOMOBILE AGENCY

FL211228 Havana Television Service in Spanish 1102 GMT 21 Jun 84

[Text] Salvadoran urban guerrilla forces have burned and destroyed numerous vehicles on the premises of the ?Didea automobile agency, located in an important shopping center in San Salvador. Radio Venceremos has reported that the (?Didea) firm belongs to the Tona family, which constitutes one of the main economic groups supporting the Salvadoran Government and are allied to U.S. interests in El Salvador.

Radio Venceremos added that this attack in the capital reinforces the present political-military campaign being carried out by the insurgents in response to the terror unleashed in rural areas by the Salvadoran Government, during which peasants are murdered and towns are indiscriminately bombed.

Reports received in San Salvador state that the military road in the northeastern Department of Morazan is still under guerrilla control as is the part of the Pan American Highway located near El Brazo, in the eastern Department of San Miguel.

FURTHER REPORTAGE ON ORTEGA'S TRIP, MEETINGS

Meets With GDR's Honecker

FL211327 Havana Television Service in Spanish 1102 GMT 21 Jun 84

[Text] In Berlin, Daniel Ortega and Erich Honecker, the top leaders of Nicaragua and the GDR, have held talks on matters of bilateral interest. Both statesmen expressed concern over the aggressive policies of the imperialists, headed by the United States, and voiced support for the struggle for peace.

Daniel Ortega reviewed his country's efforts to defend and consolidate the revolutionary progress, democracy, and national independence.

Erich Honecker reiterated the support of the party, government, and people of the GDR for the Nicaraguan revolution.

Arrives in Sofia

FL211544 Havana Domestic Service in Spanish 1453 GMT 21 Jun 84

[Text] The coordinator of the Junta of the Government of National Reconstruction of Nicaragua, Commander Daniel Ortega Saavedra, arrived this morning in Sofia heading an official delegation to hold conversations with the Bulgarian Government. The Sandinist leader and delegation arrived in the capital of Bulgaria on a flight from Berlin, where they had held cordial conversations with the general secretary of the Socialist Unity Party of Germany and chairman of the GDR Council of State, Erich Honecker.

NICARAGUAN ARMY INFLICTS CASUALTIES ON REBELS

PA232132 Havana International Service in Spanish 1800 GMT 23 Apr 84

[Text] The German Pomares irregular combat battalion has attacked a regional mercenary command of 600 men, forcing it to flee. The action took place near Wiwili, in Jinotega Department. The mercenary group had 60 casualties.

The counterrevolutionary force under former Somozist officer Michael Lima was severely hit. The clash took place in the Las Torres Hill area. A report by the Nicaraguan newspaper BARRICADA notes that although the enemy had better positions on the top of a mountain range, young fighters of the Patriotic Military Service and some German Pomares Battalion veterans decimated the mercenaries, forcing them to flee after several hours of fighting. The clashes began at dawn on Wednesday, and 25 invaders died. Another 35 were wounded or taken prisoners. The newspaper reports that on that day counterrevolutionary Mike Lima and approximately 100 counterrevolutionaries fled.

The Sandinist forces seized several mules with ammunition and tools as well as maps and important information on the objectives of the so-called regional command of the mercenaries. The counterrevolutionary plans called for the seizing of Quilali, Wiwili, and (Pantasma); for attacks on important northern Nicaraguan cities; and for eventually reaching Boaco.

BARRICADA notes that the brave Patriotic Military Service fighters had their test of fire during these clashes.

IRAQI PLANE LOADS CLUSTER BOMBS IN CHILE

FL211936 Havana Domestic Service in Spanish 1806 GMT 21 Jun 84

[Text] A Boeing-747 cargo airplane, showing an Iraqi flag, remained at the airport in Santiago, Chile, for a few hours apprently to load Chilean-made cluster bombs. The airplane took off early this morning and all that is known is that it remained to one side of the international airport while a special structure to raise containers was operating beside the cargo door.

There was no report either from airport authorities or from the company that manufactures the cluster bombs, which the Iraqi Government habitually purchases.

The Chilean company manufactures bombs known as cluster bombs, which contain smaller bombs, which upon impact on the ground, cover an area the size of 10 football fields.

UNIONS ASK PERUVIAN GOVERNMENT FOR DIALOGUE

PA210446 Havana International Service in Quechua 2200 GMT 18 Jun 84

[Text] The largest labor organizations in Peru have asked President Belaunde Terry for a dialogue in an attempt to find solutions to the demands made by the workers. The labor organizations also announced that they will call a strike to protest the government's economic measures and repudiate the government's delay in solving the problems of the workers.

The Peruvian and Colombian Governments have announced that they will soon sign an agreement to struggle jointly against drug traffic.

FOREIGN MINISTER ON U.S. AID, IMF CONDITIONS

PA201816 Buenos Aires LATIN in Spanish 0254 GMT 20 Jun 84

[Text] Santo Domingo, 19 Jun (LATIN-REUTER) -- The Dominican Republic has asked the United States to stop insisting on an agreement with the IMF as a condition for aid to this Caribbean nation. The United States has blocked $120 million in assistance until the country reaches an agreement with the IMF on a package of austerity measures. The proposed plan elicited a wave of distrubances here in April, in which more than 50 persons were killed.

Foreign Minister Jose Augusto Vega Imbert, speaking before leaving for the conference of Latin American debtor nations, said he had told President Ronald Reagan that the United States would help the Dominican Republic tremendously if it eliminated this condition. "We must not only seek our economic readjustment, but preserve our democratic system and our political stability," the minister stated.

LEFTIST POLITICIANS, LABOR LEADERS ARRESTED

PA201744 Paris AFP in Spanish 1641 GMT 21 Jun 84

[Text] Santo Domingo, 21 Jun (AFP) -- It was reported today that in the last 24 hours police arrested about 20 leftist politicians, and peasant and labor leaders in a "preventive" operation. Narciso Isa Conde, secretary general of the Dominican Communist Party, is listed among those arrested.

Protests, Clashes Continue

PA232213 Paris AFP in Spanish 2153 GMT 23 Apr 84

[Text] Santo Domingo, 23 Apr (AFP) -- Three persons killed, 20 injured, and more than 50 arrested; a supermarket looted; hundreds of burned tires in the streets; and transportation and businesses paralyzed was the aftermath this afternoon of popular protests that broke out today in the Dominican capital, according to journalists. The protests were sparked by the general price increase of staple products, and protested the government negotiations with the IMF. Incidents in which demonstrations are clashing with law enforcement officers are continuing in the district surrounding the capital, the reports added.

BRIEFS

NEW AMBASSADOR, GOVERNOR -- President Salvador Jorge Blanco yesterday appointed retired General Oscar Peguero Hermida as Dominican ambassador to China. He replaces Dr Contreras as civil governor of the Province of Elias Pina. He replaces Diogenes Arturo Adames Felix. [Summary] [Santo Domingo LISTIN DIARIO in Spanish 14 Jun 84 p 4 FL]

GRENADA

BLAIZE: POLITICAL ALLIANCE TALKS UNDER WAY

FL212117 Bridgetown CANA in English 1822 GMT 21 Jun 84

[Text] St George's, Grenada, June 21, CANA -- Former Grenada chief minister, Herbert Blaize, has said that talks aimed at bringing the moderate National Democratic Party (NDP) back into a political front he intends to lead into the forthcoming elections are under way.

The veteran politician said he was holding discussions with the NDP leader economist George Brizan and those supporting him on "new initiatives" which could bring a three-party "national unity team" into existence.

"Those initiatives could come to fruition in a short time," Blaize, who is the political leader of the Grenada National Party (GNP), told CANA last night.

The NDP and the Grenada Democratic Movement (GDM) of Dr Francis Alexis had agreed to join Blaize. But the NDP pulled out of the team in May, saying it could not go along with Blaize's plan to lead the team. It felt the leaders should be chosen from among successful candidates after the elections. Politicians here see the front as their best chance to beat the Grenada United Labour Party (GULP) of ex-Prime Minister Eric Gairy in the elections, expected late this year.

Blaize said that once the elections are over the elected government would have to give priority to the question of trying to reconcile the people after the bitter experiences of the past. The elected government, he added, would have to give all Grenadians the opportunity to feel there is a part for everyone in the country, as well as ensure people regain their confidence in government. Additionally, he said, the new government would have to provide opportunities for employment.

HAITI

SOCIAL CHRISTIAN LEADER ARRESTED, RELEASED

PA201554 Paris AFP in Spanish 2339 GMT 19 Jun 84

[Text] Port-au-Prince, 19 Jun (AFP) -- Gregoire Eugene, president of Haiti's Social Christian Party, who was arrested by the police yesterday, was released this afternoon, his family told AFP. Eugene's vehicle and the printing press of his party's paper, FRATERNITE, were seized by the authorities and taken to the Dessalines headquarters where the Social Christian leader spent 24 hours.

He was arrested as a result of an article published in the latest issue of FRATERNITE, which criticized legal aspects of the Haitian president-for-life. The government newspaper LE NOUVEAU MONDE had issued a severe warning yesterday to Eugene noting that the presidency for life is a historical necessity for Haiti.

Journalist Pierre Robert Auguste, director of the independent magazine L'INFORMATION, was arrested yesterday afternoon, Monday. L'INFORMATION had devoted its last issue to the actions of a deputy, Rockfeller Guerre, who had denounced the illicit enrichment of officials and demanded that they make a formal statement of their assets when they assumed their duties, according to the Constitution.

JAMAICA

MINISTRY OFFICIAL CALLS UTILITY STRIKE 'FAILURE'

FL210114 Bridgetown CANA in English 2020 GMT 20 Jun 84

[Text] Kingston, Jamaica, June 20, CANA -- Acting Labour Minister Pearnel Charles has told Parliament that a two-day strike at four major state-run utilities companies here has been a failure. The strike which ends at midnight was called by a recently formed Delegates Council made up of union representatives from the International Telecommunications Company (Jamintel), the Jamaica Telephone Company, which provides internal telephone and telegraph services, the Jamaica Public Service Company, which is the light and power supplier and the National Water Commission. The workers say they are seeking to pressure government for a return to free bargaining in industrial negotiations.

But said Minister Charles: "Whoever stimulated and led this demonstration can be assured that this action, an attempt to close down the utilities, is a failure." He said there was no serious disruption and government wanted the public to know that the strike was not over wages.

However, some users of Jamintel have been hit by the strike with cables not being taken or delivered and persons who used the public Telex booth and its offices to make overseas calls being left stranded. However, automatic Telex connections were still being made and direct distance dialing, which also passes through Jamintel, was available. Electricity stations were being manned by engineers and technicians along with a few workers who are represented by the Union of Technical, Allied and Supervisory Personnel, which is not involved in the strike.

Representatives from the National Workers Union met yesterday with Minister Charles and indicated their willingness to meet with Public Services Minister Errol Anderson, who has reportedly agreed to meet the unions any time after the situation has returned to normal.

The workers claimed that the government, through the Public Service Ministry, was hampering free negotiations in an apparent attempt to impose World Bank and International Monetary Fund (IMF) recommended wage structures, ignoring its oft stated policy of free negotiations based on the ability of the companies to pay.

The unions said they hoped the strike action would force the companies and government to clarify their negotiating positions and restore free bargaining. At Jamintel, the workers are seeking a 30 per cent pay increase in the first year and 45 per cent in the second, but the company has offered a 7.14 per cent in the first year and 10 per cent in the second.

Strikers Return to Work

FL211954 Bridgetown CANA in English 1910 GMT 21 Jun 84

[Text] Kingston, Jamaica, June 21, CANA -- Employees of three government-owned public utility companies were back at work today after a two-day strike, but at a fourth the workers claimed that they have been locked out.

"It is a fact that the workers at the National Water Commission Headquarters have been locked out, but the entire situation is not yet clear," said an official of the National Workers Union (NWU), which is one of the unions representing the workers who took part in the strike.

The strike also affected the Jamaica International Telecommunications Company (Jamintel), the Jamaica Telephone Company (JTC), and the light and power suppliers, the Jamaica Public Service Company (JPS), but their employees returned to work without problems, union officials said.

Most of the nearly 6,000 strikers are represented by the NWU and the Bustamante Industrial Trade Union (BITU), but the action was coordinated by the recently-formed utilities delegates council, which has representation from the four companies.

The workers claim that their action was aimed at getting a return to free wage negotiations and a speeding up the pace of talks. They claim that instead of allowing its stated policy of free negotiations based on the ability to pay, the government has been attempting to impose wage guidelines. These guidelines were apparently linked to World Bank and International Monetary Fund (IMF) programmes, they said.

In Parliament, public utilities minister, Pearnel Charles said that the strike was a failure. He, and others, inferred that it was politically motivated and led by the NWU for the gain of the opposition People's National Party (PNP), apparently angering workers.

At many strike sites workers called the ministry's statement intense provocation and NWU officials said they had difficulty in restraining employees from prolonging the action.

Workers told reporters that their action was to ensure better wages in the face of rocketing prices linked with the sharp devaluation of the local currencies and other policies implemented by the government at the behest of the IMF, from which it is seeking loans.

Charles and Public Service Minister Errol Anderson were scheduled to have talks this week with workers representatives, but union spokesmen said that the situation might become more disturbed because of the action by the Water Commission's management.

COMPLETION OF VOTER ENUMERATION ANNOUNCED

FL210101 Bridgetown CANA in English 2027 GMT 20 Jun 84

[Excerpt] Kingston, Jamaica, June 20, CANA -- Minister responsible for the Electoral Office, Bruce Golding, has announced the completion of processing of persons enumerated during house to house exercises between last August and January this year.

He said the total number of voters processed was 954,716, which represents a decrease of 35,701 or 3.6 per cent when compared with the total electorate of 990,417 which obtained in 1980.

NETHERLANDS ANTILLES

SPEAKER WITHDRAWS SUPPORT; GOVERNMENT RESIGNS

FL211603 Hilversum International Service in English 1000 GMT 21 Jun 84

[Text] In the Netherlands Antilles, the coalition government of Prime Minister Dom Martina is resigning today. The government made its decision on Wednesday evening after the speaker of Parliament, (Roy Marques), withdrew his support of the Government, thus depriving it of a majority.

(Mr Marques), who is a member of Prime Minister Martina's government NAN Party, said he had withdrawn his support for the government after it had procrastinated for too long over a request to subsidize an Antillian sports delegation.

St Christopher-Nevis

RESULTS OF ELECTIONS ANNOUNCED, PAM NRP 'TRIUMPH'

FL220954 Bridgetown CANA in English 0715 GMT 22 Jun 84

[Text] Basseterre, St Kitts, June 22, CANA -- The coalition of the People's Action Movement (PAM) and the Nevis Reformation Party was swept back into power in yesterday's General election in St Kitts-Nevis and appeared headed for a crushing triumph.

The PAM/NRP alliance, which had a mere one seat majority in the last Parliament, had won seven out of the eight seats declared up to 0230 hrs local time today.

In a stunning upset, opposition labour party leader and former Premier Lee Moore lost his seat to fellow lawyer Constance Mitcham, polling 620 votes to Mitcham's 786. The seat of Prime Minister Dr Kennedy Simmonds had not yet been declared, but he was leading his opponent at the halfway state of the count.

Returned for the government were Sidney Morris, education minister in the last government, and Minister of Finance and Nevis Premier Simeon Daniel. Daniel's NRP completed a clean sweep of the three seats of Nevis. The other eight in an enlarged Parliament are on St Kitts. There were nine seats in the dissolved National Assembly.

Mitcham was one of two PAM newcomers to win so far. The other was real estate agent Ray Jones 45, who narrowly beat labour stalwart and former Agriculture Minister E. St John Payne. Veteran trade unionist Joseph France, 76, won the only seat for the Labour Party The two other parties in the election, the People's Democratic Party and the oddly named Kelsick and Wilkin Monopoly Breakers performed poorly.

The future of the twin-island states federal Constitution which was at stake in the election now seems assured, at least for the time being. The Labour Party wanted to change the Constitution to give more power to the larger island of St Kitts, a move that political observers thought might have persuaded Nevis to secede. The present Constitution gives Nevis its own assembly and separate government. The PAM also accused labour, which is to its left politically, of being sympathetic to communism.

Prime Minister Simmonds urged his countrymen in a pre-election radio broadcast not to let the country become another Grenada, where U.S. troops with token help from this country and six others in the region put down a Marxist military junta last October.

St Vincent and The Grenadines

GOVERNOR GENERAL DISSOLVES PARLIAMENT EARLY

FL201759 Bridgetown CANA in English 1648 GMT 20 Jun 84

[Text] Kingstown, St Vincent, June 20, CANA -- St Vincent and the Grenadines Governor General Sir Sydney Gun-Munro today dissolved Parliament paving the way for elections here by September 18, more than six months before they were constitutionally due.

The surprise move came without any official statement from Prime Minister Milton Cato, whose Labour Party took the state into independence in 1979 and won the first election held under the new Constitution.

There had been speculation that Cato would call snap elections before they were due in March next year, but there were also suggestions that the 1984-budget would have been resented before Parliament was dissolved.

The financial year ends on June 30 and cabinet has over the last couple of months been preparing estimates of revenue and expenditure for the next fiscal year.

COMPUTERIZED TELECOMMUNCIATIONS SYSTEM PLANNED

FL192336 Bridgetown CANA in English 1351 GMT 19 Jun 84

[Text] Kingston, St Vincent, June 19, CANA -- A new 30 million (EC) dollar (one EC dollar - 37 cents U.S.) computerised digital telecommunications system capable of meeting the internal telecommunications needs of St Vincent and the Grenadines well into the next century, is to go into operation here by mid-July, Charles Antrobus, manager of Cable and Wireless (St Vincent) Ltd has announced.

The new system will increase the number of subscribers to 6,500 initially, well above the 4,050 exchange-line capacity of the present electro mechanical system in use here since 1969, when the British firm, Cable and Wireless, took over the operations of the state's telecommunications system.

Antrobus said that the new system will also provide a more flexible service with extra facilities and "in the long term, improved cost effectiveness." He said all the country's telecommunications traffic will also flow faster and more efficiently.

Subscribers on Bequia, ten miles south of St Vincent itself, can also expect improvement in their service by next month, Antrobus said.

To offset frequent and prolonged power cuts which have occurred here over the past two years because of damaged electric generators, the telephone company has installed a new diesel generator as a safeguard against power failures.

TRINIDAD AND TOBAGO

OECS DIRECTOR ON REGIONAL TRADE, CARICOM

FL201233 Bonaire Trans World Radio in English 1130 GMT 20 Jun 84

[Text] The director general of the Organization of Eastern Caribbean States [OECS], Mr (Vaughn Lewis), says the most serious problems affecting intraregional trade in the Caribbean Community are the trade restrictions imposed by Trinidad and Tobago.

Mr (Lewis), speaking in Castries, Saint Lucia, said there is a grave danger of serious damage being done to the Caricom movement because of difficulties and disagreement existing between governments. He said his organization is trying to solve the intra-regional trade problems within the Caribbean Community.

Trinidad's Prime Minister George Chambers reportedly has decided to attend the July 4th through 6th Caribbean summit conference in the Bahamas. A government source in Port-of-Spain said Mr Chambers has changed his mind about not attending and has now decided to attend the meeting in Nassau to make his country's position clear to the rest of the 12 nations that make up the Caribbean Community.

Over the past 10 years Trinidad and Tobago has provided about $500 million in financial aid to the struggling Caricom states, but has begun to reasses its relationship with the other member nations since last October's Grenada military intervention. Trinidad and Tobago opposed the U.S.-led intervention.

FAVORABLE VISIBLE TRADE BALANCE RECORDED

FL212152 Bridgetown CANA in English 2136 GMT 21 Jun 84

[Text] Port-of-Spain, Trinidad, June 21, CANA — Trinidad and Tobago recorded a favourable visible trade balance of more than 150 million dollars (1 TT dollar; 41 cents U.S.) between January and April, according to the government's Central Statistical Office (CSO). In April alone the favourable balance was 127 million dollars: The country imported 272.4 million dollars worth of goods while exports were valued at 399.8 million dollars.

For the corresponding month last year, the country recorded an adverse trade balance of 335.8 million dollars, with imports totalling 787.6 million dollars and exports 451.8 million dollars, the CSO said. For the first quarter of this year, total imports were valued at 1.4 billion dollars, while exports amounted to 1.6 billion dollars, of which 1.5 billion dollars represented domestic exports.

"Therefore, a favourable balance of trade in the sum of 161.4 million dollars was recorded for the period January to April 1984", the CSO said. This compared with an adverse trade balance of 566.4 million dollars in the first quarter of 1983 when imports totalled 2.4 billion dollars and total exports 1.9 billion dollars, of which 1.8 billion dollars represented domestic exports.

According to the CSO, the petroleum sector accounted for 5 per cent of Trinidad and tobago's total imports in the first quarter of 1984 and 80.3 per cent of the country's exports for the same period. Excluding petroleum, imports in the first quarter of 1984 amounted to 1.4 billion dollars while exports totalled 316.2 million dollars, the CSO stated. It added that when the country's total imports for January to April 1984 were compared with those of the same period in 1983, they showed a decrease of 1.1 billion dollars.

The value of imports from the Caribbean Community (Caricom) during January to April 198 was 93.8 million dollars or 6.5 per cent of total imports. Domestic exports to Caricom countries totalled 62.6 million dollars or four per cent of total domestic exports, the CSO said. The main sources of Trinidad and Tobago's regional imports were: Barbados 31 per cent, Jamaica 27.2 per cent and Guyana 12.8 per cent. Of Trinidad and Tobago's total domestic exports to the Caricom bloc, Guyana absorbed 39.7 per cent, Barbados 15.8 per cent, Jamaica 11.8 per cent, St Lucia 8.5 per cent and Grenada 6.9 per cent.

According to the CSO, Trinidad and Tobago's trade with Caricom between January and Apri 1984 when compared with the same period in 1983, showed imports decreased by 43 million dollars and exports by 7.4 million dollars. Imports from Jamaica decreased by 21.6 million dollars; Barbados, 6.9 million dollars; and Guyana, 5.0 million dollars. Trinidad and Tobago's exports to Barbados decreased by 7.6 million dollars and to Antigua by 2.6 million dollars. However, domestic exports to Guyana increased by 3.7 million dollars, the CSO said. Excluding the petroleum sector, imports from Caricom were valued at 93.8 million dollars and domestic exports 22.5 million dollars during January to April 1984, the CSO added.

PANAMA

STUDENTS RIOT, DISPERSED BY POLICE

PA212223 Panama City ACAN in Spanish 1930 GMT 21 Jun 84

[Text] Panama, 21 Jun (ACAN-EFE) -- Hundreds of high school students rioted this morning in Panama City, destroying store windows and burning government vehicles; they were later dispersed by the Defense Forces.

The students, all from the National Institute, were protesting increased prices of some food products, among them oil.

According to witnesses, the students threw stones at the Chamber of Commerce and Industries offices, the Agricultural Development Bank, the Price Control Office, and several stores.

Defense Forces riot squads dispersed the students, and owners of stores on Central Avenue, near the area where the disturbances took place, closed their doors.

An unspecified number of official vehicles were destroyed by the students, among whom -- according to early reports -- no casualties were reported.

The riots took place in the vicinity of the Justo Arosemena Legislative Palace where last 7 May -- 1 day after the presidential elections -- there were disturbances that resulted in 2 deaths and 40 injuries.

The National Institute is traditionally the high school at which students protest most about national problems, and it is located to one side of "Martyrs Avenue," named in memory of the 22 Panamanians who died on 9 January 1964, when U.S. policemen of the former Canal Zone fired at them.

PERU

AYACUCHO PEASANTS REBEL AGAINST SHINING PATH

PY202250 Paris AFP in Spanish 1605 GMT 20 Jun 84

[Text] Lima, 20 Jun (AFP) -- Official sources report today that some 3,000 peasants of five communities of Ayacucho Province, 575 km southeast of Lima, have decided to confront the Shining Path extremist group, which has staged terrorist actions for 4 years in the area and which does not allow peasants to cultivate their land normally.

The peasants, who the day before yesterday submitted a document to General Adrian Huaman, the chief of the Political-Military Zone, have asked for support for peasant patrols, which were created to fight rustlers. They also requested that security forces be reinforced, and asked for economic support in cultivating their land.

For 2 years now, Shining Path members have ordered that each family cultivate no more than 1 hectare, under threats of retaliation. This has aggravated the food storage and has forced many farmers to leave.

The communities of Chungui, Anco, Magnupampa, Tranca, and Ninabamba, which have rebelled against the Shining Path, will receive support from Gen Huaman, who offered them economic support and reinforced military surveillance from small military posts that he will have built.

Gen Huaman has asked to government that all public servants who ask to be transferred from the emergency zone be dismissed, Agriculture Minister Juan Carlos Hurtado said